



Mr. Kohl at a press conference Friday in Windhagen. "It will not be possible to cut unemployment by half," he said.

Relief in Jakarta Doesn't Impress Wall Street

U.S. and IMF Act To Bolster Rupiah, **But Dow Falls 222**

By Michael Richardson

. Wall Street tumbled Friday, with the Dow Jones industrial index sliding more than 220 points on concern that weak Asian economies would crimp demand for U.S. exports and cut corporate

The drop was dramatic even as an emergency initiative started by the Clintoo administration and the International Monetary Fund calmed Indonesia's markets. This persuaded traders there, at least temporarily, that a potentially dev-astating loan default by the world's fourth-most-populous nation might be

The Indonesian rupian recovered almost 30 perceot of its value against the dollar in Asian trade after President Bill Clinton telephoned President Suharto early Friday. American officials said that Mr. Clinton received an assurance that Jakaria was committed to carry out ing reforms agr tober with the IMF in exchange for rescue loans totaling \$40 billion.

But despite this boost to sentiment, the rupiah lost ground again in thin trading later in the day. It was at 8,150 to

the dollar in New York. Stocks dropped on Wall Street by as much as 275.26 points, or 3.53 percent, led by IBM, Travelers Group and Exxon



crisis, fell beca ported. (Page 1

In New You 11,000 after panic buying of food in Jakarta and other lodocesian cities and rumors that Mr. Suharto, in power for 32 years, might be forced to resign.

Crowds still jammed supermarkets Friday in the capital even after Mr. Suharto, a retired army general, ordered

See ASIA, Page 14

	- 7	V A	
TNG — Police guard tensions mounted ov at 7580.42 points, dow	er Indonesia	buy cooking o	oil in Jakarta risis. Page 14
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10.)	Pound	1.6127	1,6125
rk on Thursday, the In	- Yen	132,15	132,695

	The Dollar	
New York	Friday @ 4 P.M.	previous close
DM	1,8229	1.8215
Pound	1.6127	1,6125
Yen	132,15	132,695
FF	6.099	6.0925
50000	The Dow	
6.00	Friday close	previous close
-222.2	7580.42	7802.62
	S&P 500	
change	Friday @ 4 P.M.	previous close
-28 35	927 69	958.04

Ulster Aide Appears to Defuse Crisis

By James F. Clarity

BELFAST - Mo Mowlam, the highest-ranking official in this British province, appeared to have averted an imminent crisis in the Northern Ireland peace effort Friday as she visited a high-security prison and persuaded Protestant paramilitary prisoners not to try to disrupt the formal peace talks, which resume here Monday.

Two hours after her visit, prisoners of a key Protesiant guerrilla group, the Ulster Freedom Fighters, said they no longer opposed participation in the talks by their political leaders of the

major setback for the peace effort will have been averted. But officials and experts cautioned that there were likely to be many more political dis-putes that could disrupt the talks, and lead, as they have in recent weeks, to renewed sectarian violence. Ms. Mowlam spoke to Protestant and Roman Catholic inmates serving sentences for terrorist crimes such as

murder and gun-running.
British officials said Ms. Mowlam was the first Northern Ireland secretary to visit with convicted paramilitaries. The visits, lasting a total of an hour and 45 minutes at the Maze prison south of Belfast, were designed Ulster Democratic Party.

If other Protestant groups, as expected, also agree to attend the talks, a

lead to a breakdown of the formal peace talks, and to renewed general violence in the warfare between the majority Protestants and minority Roman Catholics that has killed more than 3,200 people since 1969.

The Protestant prisoners, saying that the Irish Republic and British governments had been making concessions to Sinn Fein, the political wing of the overwhelmingly Catholic Irish Re-publican Army, had urged their polit-ical leaders of the Ulster Democratic and Progressive Unionist parties to boycott the formal peace talks unless the Protestants won some concessions of their own, particularly early re-leases of prisoners.

See ULSTER, Page 5

Wary G-7 Officials

By Alan Friedman

Default by Indonesia

Fear Growing Risk of

Senior Western financial officials said Friday they believed there was a serious risk that Indonesia might default on tens of billions of dollars of foreign

"The risk of default is now probably quite large," said a Western official who is working closely with the International Monetary Fund.

Several senior central bank and Fi-nance Ministry officials from the Group of Seven industrial nations, all of whom spoke on condition they oot be named said that the chances of Indonesia restoring market confidence and avoiding a default were likely to hinge oo the success over the next few days of visits to Jakarta by top IMF officials and by Larry Summers, the deputy U.S. Treas-

The problem, they said, is that Indonesia's actual foreign-currency debt the official total of \$58.7 billion, and much of it is scattered across the country's corporate sector rather than held by

In addition, given the rupiah's current low level against the U.S. dollar, many Indonesian debtors will simply be anable to finance their debt repayments, at

"There is no silver bullet to solve the Indonesian crisis," said Mark Malloch-Brown, a senior vice-president of the

World Bank. While international bankers who met in New York on Thursday were able to agree to delay debt repayments by Sonth Korea to pave the way for an overall debt rescheduling, the situation in In-donesia was described by one Western official as "a lot messier." South Korea's crisis is now considered to be on the way to stabilizing, while In-donesia's ontlook remains uncertain,

Because Indonesia does not have bankruptcy laws similar to those in other countries, it could be difficult to determine who the country's priority creditors were, thus complicating any attempted debt rescheduling, the offi-

cials agreed.
Stanley Fischer, the IMF's first deputy managing director, left for Jakarta on Friday, while the IMF's managing director, Michel Camdessus, was

See CRISIS, Page 14

A Record Number Of Jobless Germans

11.9% Rate Is Postwar High; Kohl Retreats From Pledge

By John Schmid International Herald Tribune

FRANKFURT - German unemployment rose to a postwar record last month and forced Chancellor Helmut Kohl to abandon his major jobs goal for the year 2000.

Looking at the current situation, it will not be possible to cut unemploy-ment by half," Mr. Kohl conceded Fri-day as he arrived at a meeting with his re-election advisers in the city of Wind-hagen. "The job situation is not at all

satisfactory."
The Federal Labor Office reported that unemployment in Europe's economic powerhouse reached a postwar record of 11.9 percent, up from 11.8 percent in November. That put the December total at 4.546 million on a seasonally adjusted basis and ended the year with unem-ployment levels not seen in Germany since the days of the Weimar Republic.

Before adjusting for seasonal variations, the number of unemployed was 4.52 million, or 11.8 percent, in December, up 200,000 from 4.32 million, or

11.3 percent, in November. Waves of mass layoffs since the 1993 recession, the dark underside of Germany's corporate restructuring and export success, have been an enduring embarrassment to Mr. Kohl. Despite

increasing business profits and successive years of economic expansion, the German economy repeatedly has defied the government's optimistic labor-mar-

ket predictions.
Few took Mr. Kohl seriously in January 1996 when he announced plans to cut in half the number of unemployed, which

then stood below 4 million. That number has risen by a half million since Mr. Kohl first embraced the quixotic target.

"But I am holding on to the goal of cutting unemployment as fast as possible," Mr. Kohl affirmed Friday.

Unemployment could swell to even higher levels this winter, forecasters warn. Some predictions call for a peak of around 4.8 million or even 5 million by February. For 1998, some economists believe joblessness could average 4.5 million, up from 4.38 million in 1997 and 3.96 million in 1996.

Several factors have combined to hurt jobs progress, analysts say. Political gridlock in Bonn has thwarted economic reforms deemed necessary to lure new investment and hiring, while Germany's companies have shed jobs to compensate for the nation's steep labor costs. In what some editorial writers call an election-year search for scapegoats, Mr. Kohl's labor minister, Norbert

See JOBS, Page 5

Graft Inquiry Closes In On Pakistan's Bhutto

Cache of Family Papers Maps Trail of Greed

By John F. Burns New York Times Service

ISLAMABAD, Pakistan - A decade after she led this impoverished nation from military rule to democracy, Benazir Bhotto is at the heart of a widening corruption inquiry that Pakistani investigators say has traced more than \$100 million to foreign bank accounts and properties coo-trolled by Miss Bhutto's family.

Starting from a cache of Bhutto family documents bought for \$1 million from a shadowy intermediary, the investigators have detailed a pat-tern of secret payments by foreign companies that sought business fa-vors during Miss Bhutto's two terms

as Pakistan's prime minister. The documents leave uncertain the



Miss Bhutto on Friday assailing the investigation into her family.

degree of involvement by Miss Bhutto, whose rise to power in 1988 made her the first woman to lead a Muslim country. Bot they trace the pervasive role of her husband, Asif Ali Zardari, who turned his marriage to Miss Bhutto into a source of virtually unchallengeable power.

In 1995, a leading French military contractor, Dassault Aviatioo, agreed to pay Mr. Zardari and a Pakistani for a \$4 billion jet fighter deal that fell apart only when Miss Bhutto's government was dismissed. In another deal, a leading Swiss company hired to curb customs frand in Pakistan paid millions of dollars from 1994 to 1996 to offshore companies con-trolled by Mr. Zardari and Miss Bhutto's widowed mother, Nusrat In the largest single payment in-

vestigators have discovered, a gold bullion dealer in the Middle East was showo to have deposited at least \$10 million into one of Mr. Zardari's accounts after the Bhotto governmeot gave the dealer a monopoly on gold imports that snstained Pakistan's jewelry industry. The money was deposited into a Citibank account in the United Arab Emirates sheikhdom of Dubai, one of several Citibank accounts used by Mr. Za-

Together, the documents provided an extraordinarily detailed look at high-level corruption in Pakistan, a nation so poor that perhaps 70 percent of its 130 million people are illiterate, and millions have no proper shelter, no schools, no hospitals, not even safe

drinking water.

During Miss Bhutto's five years in power, the country became so en-

Algerian Toll

the Algerian conflict.

Includes Logic

By Roger Cohen
New York Times Service

There is an air of gruesome rimal to

Each year, with the onset of Ra-

madan, the killing intensifies, and with

the massacres come unresolved ques-

tions about responsibility and an in-

See BHUTTO, Page 4

A Door Is Opened to Iran

U.S. Proposed Talks After Khatami Inauguration

By Barton Gellman

WASHINGTON - The Clinton administration recently proposed to the government of Iran that they open direct talks, conveying the overture in writing by way of a sensitive diplomatic channel reserved previously for pointed warnings and threats, officials report. The proposal, delivered by the Swiss

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Egypt	££ 5.50	Réunien	12.50 F
	10.00 FF		
Gabon	1.100 CFA	Senegal.	1.100 CF
italy	2,800 Lire	Spain	225 Pt
Mary Coa	st. 1 250 CFA	Tunisia	1.250 D
	1.250 JD		
Kuwait	700 Fils	U.S. MIL	(Eur.) \$1.2



ambassador, Rudolf Weiersmueller, to the Iranian Foreign Ministry, followed Mohammed Khatami's inauguration as presideot in August. The officials said it was the first such acthorized overture to Iran's ruling clerics and represented U.S. hopes that Iran might be ripe for an opening after 18 years of entity opening after 18 years of enmity.

No details were available of the precise date or contents of the letter, directed formally to the Islamic Republic of Iran from the Uoited States of America, and officials familiar with the transaction declined to disclose anything

about an Iranian reply, if any.

But officials described Mr. Khatami's call for dialogue, in an interview tele-vised Wednesday evening, as a kind of public answer, far more detailed than anything conveyed secretly and highly encouraging to President Bill Clinton's

foreign policy team.

The State Department spokesman. James Ruhin, who was chosen to deliver most of the administration's public reaction Thursday, said that Mr. Clinton

See IRAN, Page 5

AGENDA

OUT UNDER FIRE - Barry Switzer, right, resigned as coach of the faltering Dallas Cowboys on Friday. Jerry Jones, left, owner of the National Football League team, did not name a replacement. Page 19.

Iraq Says U.S. Plan **Threatens Security**

Iraq on Friday described U.S. plans to keep a major military force in the Gulf, as long as Baghdad refuses to fully cooperate with UN weapons inspectors. as a "threat to the security" of Iraq.

The official Iraqi press news

agency, INA, quoted a spokesman for the Information Ministry as saying the United States "wanted to create an atmosphere of tension" in the Gulf to provide a "pretext" for its existing forces and to "make more deals to sell American weapons" in the region.

Meanwhile, Iraq's lone representative in the United States is gearing op for another busy season. Page 5.

	·
Books	Page 3.
Crossword	
Opinion	Page 6.
Sports	Pages 18-19.
The Intermarket	Page 4.

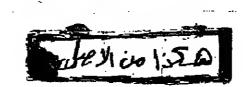
ternational outcry. But the ritual cannot mask the fact that the war has changed Well-planned attacks against singers,

writers, journalists, diplomats or other representatives of "Western culture" the favored targets of Islamic guerrillas in the first years of the war - have given way to the seemingly arbitrary butchery of ordinary people, often within a few miles of military installations.

NEWS ANALYSIS

During the last week, perhaps as many as 1,000 people have been killed, mainly in the foothills of the Ouarsenis

See ALGERIA, Page 4



Bonn Hails 8-Nation European Pact to Slow Flood of Kurdish Refugees; By John Schmid International Herald Tribune Ounciations this week of the border defenses of Italy. Greece and Telephone against the second to the second

FRANKFURT — Germany, where widespread fear of illegal immigration has ignited an electioo-year uproar, welcomed on Friday an eight-nation Euro- worsen the EU's relations with Turkey. pean agreement to tighten border controls and stem an exodus of Kurdish refugees from Turkey.

During a symbolic visit to the German border with France, Interior Minister a half million Kurds already live. Manfred Kanther said that a "declaration of inteot" reached Thursday at a meeting of European police chiefs in Rome was "successful

In recent days, German border patrols have detained only four Iraqi Kurds on cape economic distress and fighting in the French-German border, a result that Mr. Kanther called "gratifying."
Following Mr. Kanther's repeated de-

latest comments reflect what diplomats described as a partial de-escalation of a lations within the European Unioo and to

Tensions peaked after 1,200 Kurdish refugees arrived on Italy's shores this mooth. Germany believes most are headed oorth to its territory, where about

Germany, which has accepted more Bosnian and Kurdish refugees than all the other European nations combined, balked at what appear to be easy transit routes available to Kurds seeking to es-

Meanwhile, Italy's ready acceptance of the refugees threatened to undermine crisis that had threatened to disrupt re- EU attempts to forge a common immigration and asylum policy.

Germany took the lead in demanding the meeting in Rome, which included police officials from Italy, Greece, Turkey, and France. As a result of the 10hour meeting, the officials agreed to step up both border controls within the Union and patrols of coastlines and other external EU borders.

These "useful resolutions" apply in particular to "our Italian and Greek friends," Mr. Kanther said. The police officials also agreed to a wide-ranging southeastern Turkey and corthern Iraq.

Television images of the boat landing in Italy triggered an outcry from has denounced as a "criminal wave of

seekers generous welfare benefits.

Significantly, Mr. Kanther also gave a strong endorsement to the so-called Schengen treaty, under which border controls are being phased out. German politicians called the Schengen system into doubt last week, with some of them demanding its abolition. Germany, Italy and seven other European Union countries are members of the Schengen group. Greece has adopted the treaty and hopes to become a full member later this year.

You will not see a blowup of Schengen, I am convinced," Karsten Voigt, the foreign policy spokesman in the Bundestag for the opposition Social Democrats, said Friday.

been hammering on immigration themes

cians agree that the country and its overhurdened social welfare system cannot absorb another wave of refugees.

Turkey, whose strained relations with the EU hindered an earlier response to the crisis, took much of the pressure away from the issue with a crackdown by Turkish police on the exodus of Kurdish refugees, diplomats in Bonn and Brussels said.

Turkey's status as an outsider-looking-in was confirmed less than a month ago during an EU summit meeting in Luxembourg when Europe's leaders, led by the German delegation, dropped Turkey to the bottom of the list of candidates Democrats, said Friday.

Leading German politicians have plication as it had done several times

maz of Turkey responded by freezing Ankara's official political ties to the

"The latest incident shows how intertwined German and Turkish interest are," said Turkey's ambassador to Bonn, Volkan Vural, defending Tur. key's insistence that it belongs in the EU. Referring to the refugee issue, he said: "It shows that Turkey and the EU must act together. They cannot live in

The West has accused Ankara of haman rights abuses and heavy-handed tactics in its 13-year conflict between rebel Kurdish separatists and Turkish moops in southeast Turkey, in which 27,000 people have been killed.

French Jobless Reject Jospin's Measures

By Anne Swardsoo Washington Post Service

PARIS — Prime Minister Lionel Jospin, struggling to appease bands of the unemployed who have occupied a handful of benefits offices around France, said Friday that he would create an emergency fund of 1 hillion francs to aid the poorest of the jobless.

But he did not accede to the demand that they be paid a year-end bonus of 3,000 francs (\$500) and receive other enhanced welfare benefits on their wish list. Representatives of the several hundred occupiers said that the proposal was oot sufficient and that they were oot

leaving. The numbers are small and most of France's 600-plus unemployment offices are functioning normally. But the mini-siege is being treated in the media here as a turning point for the Socialist government, which in its first seven months has, until now, escaped virtually

Mr. Jospin's Communist allies, with whom he has an informal governing al-

SANTA CRUZ DE TEN-

ERIFE, Canary Islands —. The Spanish police said Fri-

day that they had found poisonous chemicals at the

home of an alleged dooms-

day cult leader that they be-

lieve were to be used in a

mass suicide by her 32 fol-

Antonio Perez, said that

Heide Fittkan-Garthe, a Ger-

man psychologist who was

arrested in Teoerife on Wed-

nesday wheo the police said

they had foiled the suspected

suicide plot, had "brain-

was found at the house, and it

seems the group members

were going to use it to poison themselves, Mr. Perez

The group members planned to kill themselves

atop Tenerife's Teide vol-

cano from where they believeo their souls would be

picked up by a spaceship, of-

from the Canary Islands, had

apparently been convinced

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The sect members, all Ger-

members

"A chemical substance

A police spokesman, Juan

liance, have endorsed the "legitimacy" of the occupiers cause, as has Dominique Voynet, the environment minister and a member of the Green Party.

Mr. Jospin made joh creadon and employment a pillar of his May campaign. The unemployment rate here is 12.4 percent, and more than one-third of the jobless have been without work for a year or more. France, like many West European countries, is creating almost

About a month ago, small groups of acovists began occupying the local unemployment offices, particularly in Marseille and elsewhere in the south. At the peak, some 30 offices were occupied; others closed to keep people out.

Christophe Aguiton, representative of one of the unemployed groups, said, When we strike at Renault, autoworkers stop making cars." What can an unemployed person do? "He has to

For Mr. Jospin, who was elected in a wave of popular resentment against politicians distant from the people, the takeovers pit his Socialist inclinations

Poison Linked to Tenerife Suicide Cult

against France's fiscal realides.

France is under great pressure to keep government spending down in order to stay within the guidelines of the planned European single currency, whose mem-bers will be chosen in May. By holding its budget deficit near 3 percent of gross domestic product, France qualifies, but

barely.
"No matter the number of people engaged in this movement, I know the weight of unemployment lays on hundreds of thousands of people." Mr. Jospin said in announcing the emergency fund and other anti-poverty mea-

Representatives of the unemployed said they would seek more. The proposals were "interesting hnt insuffi-cient," said Francois Dessenti. Claire Villiers said "we are extremely disappointed" that there is no measure to raise the minimum of social benefits.

Police have removed occupiers from a few of the offices, hot Mr. Jospin, aware of pressure from his leftist allies, is unlikely to undertake massive action

stams was being decided hy a

Spanish judge, who was

weighing whether to keep her

in custody by formally char-

ging her with inducement to

suicide or whether to place

her under psychiatric obser-

Local oewspapers said her followers were all from af-

fluent backgrounds, some

with university degrees.

Spanish authorities think the group emerged from the Isis Holistic Center in Cali-

It is one of a growing ourn-

ber of what the authorities

called "destructive sects"



WARSAW ACCIDENT - People milling around a damaged tram that collided head-on with another on Friday, injuring 12 people.

TRAVEL UPDATE

Tokyo Digs Itself Out

TOKYO (Reuters) - Residents of Tokyo dug themselves out of the worst snowstorm in nearly four years on Friday, after a chaotic night that stranded commuters and left one person dead and oearly 500 injured. The blizzard blanketed Tokyo with 15 centimeters (6 inches) of snow.

Road, rail and air traffic was disrupted and hundreds of thousands of commuters either did not make it home on Thursday or arrived hours late as the snow halted some suhway systems.

Zambia Eases Flights

LUSAKA, Zambia (AFP) - Zamoo local and international flights that state radio said.

retaliate against Americans because

of the sentencing of Ramzi Ahmed

were imposed after a failed comp in October, oewspapers reported Friday. Following the coup attempt, both in-ternational and domestic flights were restricted to the hours between 6 A.M. and 6 P.M.

Bus Strike Hits Paris

PARIS (AFP) - Bus drivers in Paris began an unannounced strike Friday to protest mounting violence after an attack oo a driver in the southeastern outskirts of the capital.

Services were mainly disrupted in south and southeast areas as 12 lines did not run, officials reported.

China will erect a millennium countdown clock on the Great Wall near (Reuters)

bian authorities have lifted restrictions Badaling, a tourist si

U.S. Alerts Citizens Abroad The State Department said that U.S. government installations abroad WASHINGTON - The United States has warned that terrorists might had been instructed to review their

security precautions. It also warned U.S. citizens trav-Yousef to life in prison for master-minding the bombing of the World Trade Center in New York in 1993.

BRIEFLY

Elections Loom For Czech Republic

PRAGUE - The Czech Republic appeared to be headed for new eleccons in June after leaders of Parliament's largest party joined, the second strongest one on Friday.

to call for new polls hy June.

The center-right Civic Democrace Party led by Vaciav Klaus, a former prime minister who resigned Nov. 30 over a party financing scandal, asserted that elections should come by mid-1998 to solve a simmering political crisis quickly.

The main opposition Social Democratic Party has said it will support the cabinet of Prime Minister Josef Tosovsky only if elections are called before July.

'It is basically inevitable that the elections will be in June," said Jiri Pehe, chief poliocal adviser to President Vaclay Havel. (Reuters)

Mir's Cosmonauts Locate Pesky Leak

MOSCOW - Two Russian cosmonauts ventured into open space. for more than three hours Friday and found a defective lock that was; allowing air to leak out a hatch door, on the Mir space station.

Ground cootrollers said that they were pleased with the mission and that the problem could be fixed. sooo from inside the station.

Anatoli Solovyov and Pavel Vinogradov discovered that one of 10 main locks on the door was broken, which prevented a tight seal, missioo coorrol said.

"All the tasks we placed before the crew have been carried out," said Vladimir Solovyov, chief of, mission control.

For the Record

President Boris Yeltsin of Russia will probably meet Pope John Paul II during a visit to Italy oext. mooth. A spokesman did not give any details Friday, but the Kremlin* has said previously that Mr. Yeltsin would visit Italy in February. (AP)

A bomb killed a councilor of a Spain's governing Popular Party on Friday. Jose Ignacio Irurenagoyena was killed in Zarazz after his car was blown up in what appeared to be the first attack of 1998 by the separatist group ETA, the police (AP)

26 Journalists Slain in 1997

The group was made up of

They had rented cars and

14 women, 13 men and 5

children between 4 and 12

intended to drive to the vol-

cano, which is the highest

point on Spanish territory,

Officials said the group's members were still under the

influence of the psychol-

ogist, who apparently took

oo a goddess role during sect

Mr. Perez said Ms. Fit-

tkau-Garthe had charged

each member more than

50,000 pesetas (\$325) for

years old, the police said.

the police said.

Death Toll Was Highest in India and Colombia

hy Ms. Fittkan-Garthe that the world would end on

Thursday and that they

would be rescued and taken

tims have been programmed,

they've been brainwashed,"

Mr. Perez said. "They have

to be deprogrammed before

they can cooperate with po-

The police arrested Ms. Fittkao-Garthe, 57, who has

lived in the Canary Islands

for a decade, as the sect

gathered to stage a "last sup-

per," officials said. Her fol-

lowers, who were oot de-

'The minds of the 32 vic-

to a new world.

PARIS — Twenty-six journalists were following countries: Argentina, Brazil, Gua-killed around the world last year in the course ternala, Indonesia, Iran, Pakistan, Philippines. of their work, with India and Colombia the

The annual report by Reporters Without Borders and the Committee to Protect Jour-nalists said the 1997 toll marked the third

eonsecutive drop after an especially deadly 1994, in which 103 journalists were killed.
Reporters Without Borders had announced 28 killings in 1996, and the Committee to Protect Journalists 27, with Algeria and Russia recording the worst toll. At least 49 journalists were killed aronod the world in 1995. Seven journalists were killed in India last year, including a five-member television crew

aught in a bomh attack, the report said. Four journalists were killed in Colombia. there in a decade, most of them by suspected drug traffickers. Three journalists were slain in Mexico, showing "a worrying trend toward Colombian-type violence," and two in Cam-

bodia. One journalist was killed in each of the Rwanda, Sierra Leone and Ukraine.

Ms. Fittkan-Garthe's legal Canary Islands a year ago.

The two organizations said they had asked the countries where the killings occurred to energetically investigate and punish those responsible. But in only three unspecified cases ere the culprits identified and detained.

'If governments allow these crimes to go unpunished, consotutional guarantees of press freedom become meaningless," said the report, which was released simultaneously in

Paris and New York.

For the first time since 1993, no journalist was killed in Algeria. About 60 journalists have been assassinated by suspected Algerian Muslim rebels in four years, more than in any other country. Reporters Without Borders said bringing to 43 the oumber of journalists killed the lull should not be seen as an improvement



Danish Statue Gets Head Back

The Associated Press COPENHAGEN - The head of the Little Mermaid statue was returned Friday three days after it was sawed off — by a hooded man who dropped it off at a television

Danish television broadcast footage of the man depositing the head. No arrests have been made. The police said they were examining the head for fingerprints.

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeether Europe

Latin America

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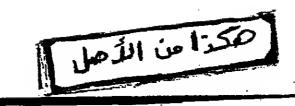
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From Politics

- 34 ****₩

Requests



Curdish Refuge Quandary for the Judge On Unabomber Suspect

Kaczynski's Apparent Attempt to Kill Himself Raises Doubts on Request to Be Own Lawyer

> By Ruth Marcus and John Schwartz Washington Post Service

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WASHINGTON - How can a man who may have tried to hang himself in his jail cell be considered competent to stand trial - and even have a chance to act as his own lawyer — in a case in which be faces the death penalty?

That is the disturbing question facing U.S. District Judge Garland Burrell Jr. as he presides over the trial of the Una-bomber suspect. Theodore Kaczynski. Mr. Ksczynski's stand — insisting that his lawyers not be allowed to invoke mental illness in his defense and that he is sane enough to represent himself—dramatizes the difficulties of a legal system seeking to try an obviously disturbed defendant while observing his constitutional rights.

The trial, in which Mr. Kaczynski is charged in 10 counts with mailing bombs that killed two people and maimed two more in a campaign against modern technology, has been halted pending agreement among attorneys on the scope of a competency examina-A CHAIR

In the meantime, authorities said, Mr. Kaczynski will be kept under a 24-bour

Officials said Thursday that it ap-peared Mr. Kaczynski had tried to hang himself in his cell using his undergar-

The widely recognized legal premise from which the Kaczynski trial proceeds is the low standard by which a criminal fenses. defendant's competence to stand trial is

Courts have held that as long as a defendant can understand the nature of the proceedings against him and assist lawyers in mounting a defense, his trial can go forward, John Hinckley, for instance, was

found competent to stand trial in the shooting of President Ronald Reagan in 1981, even though the jury ultimately found that he was not guilty by reason of

> Mr. Kaczynski's situation is even more complicated and troubling; however, because he wants to override his lawyers' advice to assert a mentalillness defense and represent himself.

This recalls the case of Colin Ferguson, the Long Island Rail Road gun-man who in 1995 rejected recommendations that he plead not guilty by reason of insanity and mounted his own defense, claiming someone took a gun from his bag while he dozed and killed six passengers. After a trial, he was convicted and sentenced to life.

The Sopreme Court has ruled that, inherent in the Sixth Ar to assistance of counsel, competent defeedants generally also have the right to dismiss their lawyers and represent themselves as long as they understand the benefits of having a lawyer and what

they are risking by going it alone.
"It is a firm principle of constitu-

served as Mr. Ferguson's "legal adviser" after being removed as counsel in the case. "If you're competent to stand trial you are competent to represent yourself. That's not competence in the

legally talented sense."
In a 1975 case, Faretta v. California, the Supreme Court established the right to self-representation so long as defendants make the choice "knowingly and intelligently.

But in a 1993 case, the court upheld the conviction and death sentence of a triple murderer who had said he wanted to get rid of his lawyers and plead guilty so they would not mount any defense against the death penalty. The man had tried to kill himself around the time of the murders, was found by a psychiatrist to be "deeply depressed" and was medicated while on trial.

In that case, Godinez v. Moran, the court said the basic standard for determining whether a defendant was competent to represent himself was the

same as for judging whether he could stand trial in the first place.

Despite that ruling, Richard Bonnie, director of the Institute of Law, Psychiatry and Public Policy at the University of Virginia, said, "I would take the view that the law is at least unsettled in this area and it would be entirely appropriate for a district judge confronted with this complex and disturbing situation" to determine that, while com-petent to stand trial, Mr. Kaczynski is not capable of deciding to defend himself or of rejecting mental-illness de-

But Mr. Knby said that as ghoulish as it is to see an obviously delusional defendant pressing his case, "It violates 200 years of jurisprudence and basic notions, such as the presumption of innocence, to force an insanity defense on an unwilling defendant."

Under the legal traditions followed in the United States, it is not enough for a prosecutor to prove that a defendant committed the act: It must also be proved that the defendant intended for it io happen. This notion has evolved into the modern-day insanity defense.

But Robert Phillips, a psychiatrist at the University of Maryland's schools of law and medicine, said the definition of insanity was not medical. "Insanity is a legal term, not a clinical term," Mr. Phillips said. "The law defines what the components of insanity are."

In the courtroom, that means that someone might exhibit behavior that is clearly aberrant, but whose mental illoess still does not meet the insanity standard. In the federal system, that means the defendant must prove that the mental illness keeps him from appreie wrongtuiness of his acc

"Depending on the jurisdiction that you're in, you could be a flagrant psychotic, quite schizophrenic and still found legally sane," Mr. Phillips said. "To the lay persoo it may not make sense - to some of us in the system it may not make sense. But these are rules tional law," said Ronald Kuby, who of law, not of medicine or science."

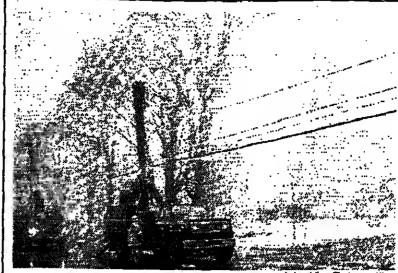
Away From Politics

· Women who work at computer terminals do not have any higher risk of giving birth prematurely than do other A contract Project women, according to a three-year study, by the National Institute for Occupational Safety and Health. (Reuters)

> • A law barring the use of gasoline-powered leaf blowers within 500 feet (150 meters) of homes in Los Angeles has been signed by the mayor. Richard Riordan refused to lift a ban on the leaf

hlowers, despite the protests of gardeners who had been on hunger strike for a almost week ontside City Hall. (AP)

A man walked through a security checkpoint at Detroit International Airport without being screened, forcing officials to close down a terminal. delaying dozens of flights and thousands of passengers. All passengers were rounded up and sent back through the security checkpoint.



ley branches being cleared from power lines in New Hampshire.

Ice Storm Cripples East

From Quebec to Vermont, Millions Lose Power

NEW YORK - Hundreds of thousands of people from Vermont into Canada lost power and resorted to burning wood, kerosene and candles as a hranch-snapping ice storm

lingered Friday.

An estimated 3 million people were without power in Canada. In Quebec. the provincial power company said it might take up to a week to restore electricity to 900,000 homes. Outages affected 300.000 customers in Maine, nearly 100,000 in upstate New York. 60,000 in New Hampshire and 20,000

The toppling of power poles and trees caused states of emergency to be declared in four towns across New Hampshire. Vermoot had more rain Thursday than is normal for the entire month of January, flooding all the state's major rivers.

Strong wind blew golf ball-sized trees and power lines.

hail almost horizontally near Pittsburgh. Heavy rain produced a threat of flash floods in the Southeast and in a wide area of Pennsylvania.

In North Carolina's western mountains, damage assessment teams planned to walk along a six-mile gorge Friday where up to 10 inches (25 centimeters) of rain this week washed out roads and bridges and displaced hundreds of people.

The slow-moving storm system was blamed for at least 16 deaths. It hit the southern Plains earlier in the week. caused high wind, thick coastal fog and snow as well as ice and rain. Nine people died in flooding on Wednesday and Thursday in the Southeast.

The rain that brought flood threats around the Southeast let up Friday, but light freezing rain continued in Vermont, New Hampshire and much of Maine, adding to the ice buildup on

U.S. Orders Inspection Of Recent Boeing 737s

WASHINGTON -- The Federal Aviation Administration has ordered the immediate inspection of the tail sections of 211 late-model Boeing 737s. saying it is possible that rivets were not attached to a plane that crashed in Indonesia and that the problem might also exist on other 737s in service.

Within 24 hours or five flight segments, all U.S. airlines with 737s made after Sept. 20, 1995, in their fleets must visually inspect the horizontal stabilizer portion of the tail section for missing fasteners — also often called rivets or

The agency noted that the inspection will take about one hour for each aircraft and cost about \$60 each. The 737 is Boeing Co.'s most popular plane, with nearly 3,000 in service around the world. In 1997, 132 were delivered to

The agency has checked horizontal

stabilizers on aircraft being built or prepared for delivery at Boeing's factory in Seattle. None was found to have a problem, the agency said. But it said that one loose fasteoer had been found on one aircraft in service.

Because the airplane had been placed in service a relatively short time ago — Feb. 14, 1997 — it is possible the fasteners were missing because they had not been instalted during manufacture. the order said. "If such a quality-control failure occurred on this airplane, it may also bave occurred on others produced at approximately the same time.

A Boeing spokesman said the com-pany would cooperate fully with the inspection program and also would check any 737s at its factory in Seattle. as well as any that are being prepared for delivery.

The investigation derives from the crash Dec. 19 in Indonesia of a 737, in which all t04 aboard were killed.

Mexico Judge Under Fire

Prosecutor Objects to Murder Suspects' Release

Vew York Times Service
MEXICO CITY — The district at-

torney here, in a formal complaint, has accused a judge of "shocking careless-ness" in her handling of a case in which she released five men who had confessed to kidnapping and killing an American businessman.

The prosecutor, Samuel Del Villar, called on the Judiciary Council on Thursday to discipline Judge Maria Claudia Campuzano, whose conduct in issuing the release order he called "no-

The president of the council said Wed-

nesday that the judge could face charges if her handling of the case was found to have been negligent or corrupt.

The five men were accused in the Dec. 15 kidnapping and fatal shooting here of Peter Zarate, a New York realestate executive. The judge released them over the weekend.

The judge said Monday she had ordered their release after finding multiple contradictions in their confessions, She said she had concluded that they were scapegoats who had been arrested and beaten by the police to make them confess to a high-profile killing,

Temperature Trend Seen as Proof of Global Warming

By Joby Warrick
Washington Post Service

WASHINGTON - Scientists in the United States have confirmed that worldwide temperatures last year climbed to their highest levels since record keeping began, continuing a steady, upward march that government meteorologists described as powerful evidence that people are changing the earth's climate. Not only was 1997 the warmest year

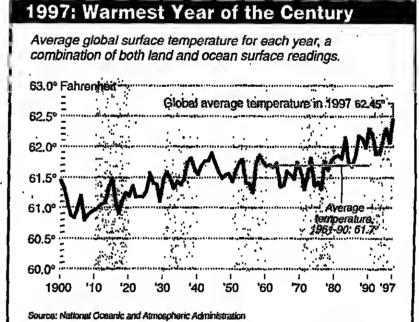
on record, but it was also part of an exceptionally sultry decade that wit-oessed 9 of the 11 hottest years this century, scientists of the National Oceanic and Atmospheric Administration said Thursday.

The new data are likely to strengthe

the conviction among the many scientists who believe that man-made greenhouse gases are contriboting to a potentially disastrous warming of the earth's atmosphere. They also could provide a boost to the Clinton administration as it tries to secure Senate approval of the global climate treaty approved by 159 countries last month in Kyoto, Japan. "For the first time, I feel confident in

saying there's a human component" cansing the rising temperatures, Elbert Friday Jr., a meteorologist and the agency's associate administrator for oceanic and atmospheric research, said at a news conference.

Although an international body of climate scientists concluded two years ago that burnans are having a "discernible influence" on the earth's climate, Mr. Friday said mankind's imprint is becoming clearer with each year's measurements. At the same time, the likelihood that the recent rise in temperature



coming increasingly remote, he said. "We've had three more years of data,

and it's all in the same direction," he said. "It all shows the same thing." Not all scientists agree. On the same

day the National Oceanic and Atmospheric Administration released its findings, a pair of Alabama scientists reported that the planet actually cooled slightly last year. The University of Alabama-Hnntsville report was based on data from satellites that measure atmospheric temperatures at nearly five

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is a strictly natural phenomenon is be- miles (eight kilometers) above the earth's surface.

> "From the satellite's point of view it was a very normal year," said John Christie, an associate professor of aimospheric science. While most measurements point to an overall warming trend over the past century, Mr. Christie said, scientists do not yet know enough about the earth's highly complex climale to draw conclusions.

> But the National Oceanic and Atmospheric Administration said its landbased measurements more accurately

reflected conditions at the earth's surface, where people live, work and grow their crops. Its findings are nearly identical to those of the British Meteorological Office, which last month projected that 1997 would go down as the warmest year since scientists began systematically tracking the weather in the mid-19th century.

based on a global "index" that reflects

Pacific has been caused by the El Niño weather phenomenon. But agency sci-

entists said 1997 would have gone into the history books anyway. The global warming treaty approved in Japan last month would require the

atmosphere since the start of the industrial revolution. Further increases in these heat-trapping "greenhouse" gases are expected to gradually increase global temperatures by 1.8 to 6.3 degrees Fahrenbeit by 2100 — a rapid jump by geological standards that could raise global sea levels and disrupt ag-

POLITICAL NOTES

Democrats Say Party Debt Falls

WASHINGTON - With state Democrats grousing about the national party's financial woes, the Democratic National Committee on Friday promised a dramatic reduction in the party's deht and plans to share the fruits of fund-raising with state parties.

Two senior Democratic officials, speaking on condition

of anonymity, said the party's debt had been reduced to about \$9 million from a high of nearly \$17 million in July.

The party's leaders plan to announce the lowered figure at

She said she would like the president either to Saturday's meeting here of the party's executive com-

Officials also said the party was putting finishing tonches on a plan to guarantee state parties part of the profits from fund-raisers headlined by President Bill Clinton, Vice President Al Gore and other prominent Democrats.

Although the profit-sharing plan has been in the works for weeks, it was being touted by party officials Friday because of complaints raised by the New York State party chairwoman, Judith Hope.
Ms. Hope told The New York Times that Mr. Clinton's

fund-raising trips to New York were bampering efforts to

She said she would like the president cause is money he raises in the city or refrain from fund-raising here (AP) She said she would like the president either to share the

BOOKS

THE SECRET BOOK OF GRAZIA DEI ROSSI

By Jacqueline Park, 527 pages. \$25. Simon & Schuster. Reviewed by James Marcus

THE Italian writer Primo Levi once described his Jewish ancestors as rather inert creatures, with an "attitude of dignified abstention, of voltion to the margins of the great river of life." Needless to say, Levi meant no criticism: The wallflower status of his forthem by their minority stams. to rub elbows with every great for their lives.

prince, prelate and painter of

advantage, of course Grazia Chafes under the stern give me a contest. But he dei Rossi was born in 1479 to hospitality of her grandpar- won't. He's too proud to im-

who offered the Pope himself no-fee checking. This puts alas. Gonzaga clan of Mantua.

pass them by. nntary (or accepted) relega-

monk Bernardino da Feltre arrives in Mantua and quickly inflames the general populace. You must destroy the usurer and her careful application of bears was largely forced upon in your midst," he preaches, period detail keeps the novel for he is the enemy of Chris- from lurching off into cos-Yet it is interesting to compare tian charity." The Mantuans them with the Jewish extroverus of "The Secret Book of friar, and, as anti-Semitic riots Grazia dei Rossi," who seem break out, the Dei Rossis flee

great love of her life, Lord stop 'em from trying." the Renaissance equivalent of Pirro Gonzaga - a Christian.

Which is not to say that at the last minute, dynastic Indeed, in the very opening more suitable mate, and Judah del Medigo. Park has done her research.

tume-drama hell. Her cameo when the painter Andrea del Mantegna disses the comperince, prelate and painter of he era.

The narrator of Jacqueline family maintains the flagship low from Vinci takes it into his head. Park's first novel has a major branch of the banco. Here his head to do one, he might

a family of Jewish banchieri ents, continues her humanist itate me. And the rest areo't the sort of moneylenders education, and falls for the good enough. But that won't Yet the voice that Park has

created for Grazia - which is Grazia's family on friendly. The lovesick narrator is grave but not solemn, and buterms with the great and willing, in fact, to renounce morous without ever seeming powerful, like the ruling her faith for the sake of a to grub for 20th-century marriage with Lord Pirro. But punch lines — is largely a success. While "The Secret persecution and expulsion considerations drive the Book of Grazia dei Rossi" is young lord into the arms of a slow to pick up narrative momentum, the final third of the Grazia ends up marrying the novel chugs along very eminent Jewish physician nicely, as Grazia moves from city to city, and skirts disaster after disaster.

Sames Marcus, a critic and

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novelist living in Seattle, wrote this for The Washington Post.

ALL SUBJECTS CONSIDERED

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OF EUROPE (Anglican)

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Bolstered by exceptionally warm temperatures in December, the global average temperature for 1997 was at 62.45 degrees Fahrenheit (16.92 de-

grees centigrade) - three-quarters of a degree higher than the "normal" average for the past 30 years, and 0.15 degrees warmer than the previous record high set in 1990, the agency said. The agency's weather rankings are

measurements of ocean water temperatures as well as data from official weather stations on land. Unseasonable warming in parts of the

United States and other industrialized countries to sharply reduce emissions of carbon dioxide, methane and other gases that have been building in the

riculture, agency scientists say,

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An Elaborate Maze Leads to Bhutto Husband's Opulent Estate in England

By John F. Burns

BROOK, England - When Asif Ali Zardari arrived in this quiet English village as the oew owner of the sprawling Rockwood estate, he was so taken with the village puh, the Dog and Pheasant, he told the owner he wanted to huy it.

At the time, October 1995, Mr. Zardari was in an expansive mood. Lawyers working for him had just arranged the \$4 million purchase of Rockwood, with its 355 acres of rolling Surrey countryside. He had ordered a complete renovation of the 1930s mansion, with a budget of \$1.5 million. And he had engaged an English couple with experi-

breds and indulge his passion for polo. When Mr. Zardari was told the puh was not for sale, villagers said, he ordered a replica of the bar built in the basement at Rockwood, to go with the mansion's nine bedrooms, indoor swimming pool, 15 acres of gardens and the helicopter landing pad built after he bought the estate

from a Hong Kong tycoon.

Although Mr. Zardari made his presence in the village known, nobody in Brook seems to have any certain rethe Rockwood purchase.

ence as horse breeders to turn Rockwood dozen other overseas properties to which into a "stud farm," to raise thoroughthey have linked to the Bhutto family, estate in June 1996, Miss Bhotto and Mr.

Pakistani Investigators Say Illicit Millions Went to Buy Surrey's Sprawling Rockwood

From a search of property records, investigators learned that the estate was bought in three parcels - the house and its gardens, with 104 acres of land (43 hectares), and two adjacent farms with collection of having seen Benazir 220 more acres of pasture — by three when people in Pakistan don't even have Bhutto, Mr. Zardari's wife, who was the separate offshore companies based in a roof over their heads?" prime minister of Pakistan at the time of the Isle of Man, a British-ruled tax baven in the Irish Sea.

Pakistani investigators say that in the Rockwood deal, as in the case of at least a day Express, published an article re-

elaborate steps were taken to disguise the identity of the estate's new owners.

Zardari issued statements saying they knew oothing about Rockwood, and, in Miss Bhutto's case, that she had oever been to Surrey.

Mr. Zardari added a touch of outraged social conscience: 'How can anyone think of buying a mansion in England

· But in an interview in the Karachi prison where he is being held on charges of organizing the murder of Miss Bhutto's brother, Mr. Zardari seemed resigned to acknowledging his ownership of the estate.

His friends said this could be because Rockwood seems less important to Miss Bhutto's husband now that he faces the possibility of a death sentence for his lleged role in planning the police ambush in which Murtaza Bhutto, his 42year-old brother-in-law, was killed on

Sept. 20, 1996. Mr. Zardari said Rockwood was less valuable than the two apartments on Park Lane, one of London's ritziest neighborhoods, that Prime Minister Mian Nawaz Sharif, Miss Bhutto's archrival and successor, owns and used on his way back to Pakistan after a recent trip to the United States.

Noting that Mr. Sharif has not denied owning the apartments, Mr. Zardari made a mock offer of a trade. "Those Park Lane flats are worth more than

Rockwood twice over," he said. In an interview at her home io Karachi, Miss Bhutto said she knew nothing about the Rockwood purchase and suggested that Mr. Zardari might have bought the estate for "some other wom-

"I don't know whether my husband had an affair or not." Miss Bhotto said. She has continued to see her husband in prison and to demand his release. In fact she visited him only hours before the interview.

"He tells me he didn't. I don't know if he bought Rockwood or did not." She paused, tears in her eyes, and added But I think it's absolutely cruel to take people's personal lives and turn them into methods of psychological warfare against a female political opponent."

BHUTTO: Pakistan Chases Millions Down Shadowy Trail of Graft

Continued from Page 1

feebled that she spent much of her time negotiating loans to stave off default oo more than \$62 hillion in public debt.

A worldwide search for properties secretly bought by the Bhutto family is still in its early stages. But the inquiry has so far found that Mr. Zardari weot on a shopping spree in the mid-1990s, pur-chasing among other things a \$4 million, 355-acre estate south of London. Over eight months in 1994 and 1995, he used a Swiss bank account and an American Express card to huy jewelry worth \$660,000 — including \$246,000 at Cartier Inc. and Bulgari Corp. in Beverly Hills, California, in barely a month.

ln separate interviews in Karachi, Miss Bhutto and Mr. Zardari declined to address specific questions about the Pakistani inquiry, which they dismissed as a political vendetta by Miss Bhutto's successor as prime minister, Mian Nawaz Sharif.

where he has been held for 14 months on charges of murdering Miss Bhutto's hrother, Mr. Zardari described the corruption aldocuments tracing some of his most lucrative deals.

Miss Bhutto originally kindled leagues on Saturday. wild enthusiasms in Pakistan with her populist hrand of politics, then dence. In an interview at her fortchi's Arablan Sea beachfroot, she was by turns tearful and defiant.

them are absolutely wrong." But she refused to discuss any

of the specific deals ootlined in the documents, and did oot explain how her husband had paid for his prop- and the United States, and included inerty and jewelry. Lameoting what she terviews with many of the central figures described as "the irreparable damage named by the Pakistani investigators. done to my standing in the world" hy the Officials leading the inquiry in the deals have been handled in recent known then for anything but a passion corruption inquiry, she said her family Pakistan say that the \$100 million they months by close aides of Prime Minister for polo. It was an arranged union, with posits and luxury properties overseas.

"I mean, what is poor and what is rich?" Miss Bhuno asked. "If you mean, am I rich by European standards, do I have a hillion dollars, or even a hundred the same time. But this wealth never

Oxford universities for six years in the to sell documents that appeared to have 1970s. has been a vocal critic of "av-

such people had looted developing Europe for more than 20 years, and as a countries and left them without the close friend. means to tackle their social problems. Since she was ousted as prime minister during her second term, on Nov. 5, 1996,

Pakistan's main opposition group, the Pakistan People's Party.

Some details of the allegations against Miss Bhotto and Mr. Zardari appeared in of telephone interviews, declined to say European and American oewspapers last fall, after Pakistani investigators began releasing some of the Bhutto family doc-

But a much fuller picture emerged when several thick hinders full of docaments were made available to The New from Pakistan to the Middle East, Europe tailing meetings at which these "commissions" and "remunera-

Pakistani investigators have confirmed that the original asking price for the documents was \$10 million. Evenon charges that included gross corrup-tion, she has been the leader of concloded the deal for \$1 million in

> anything about Mr. Zardari and Miss Bhntto, other than that he had not sold the documents. "It wouldn't be worth selling out for \$1 million," he said.

Citibank accounts in Dubai and Geneva; York Times over a period of several days letters from executives promising pay-in October. The Times's own investi-offs, with details of the percentage paygation, lasting three months, extended ments to be made; memorandums de-

tions" were agreed on, and certificates incorporating the offshore companies used as fronts in the deals, many registered in the British Virgin Islands.

The documents also revealed the crucial role played by Western institutions. Apart from the companies that made payoffs, and the oetwork of banks that handled the mooey - which incloded Barclay's Bank and Unioo Bank of Switzerland as well as Citibank - the arrangements made by the Bhutto family for their wealth relied on Western property companies. Western lawyers and a net-

As striking as some of the pay-off deals was the clinical way in which top Western executives concluded them. The documents showed painstaking negotiations over the payoffs, followed by secret cootracts. In ooe case, involving Dassault,

work of Western friends.

the contract specified elaborate arrangements that were intended to hide the proposed payoff for the fighter plane deal, and to prevent it from triggering French corruption laws.

Because Pakistan's efforts to uncover the deals have been handled in recent known then for anything but a passion Sharif, who has alternated with Miss Miss Bhutto's mother picking the Bhutto at the head of four civilian gov- groom. Many Pakistanis were startled by 10 years ago, the investigation has been deeply politicized. Last week, the Sharif aides forwarded 12 corruption cases against Miss Bhutto, Mr. Zardari and countability commission," headed by a retired judge with the power to approve formal indictments.

Apart from bolstering Mr. Sharif's power by exposing Miss Bhutto and her family, his aides hope to protect him against the possibility that she will return to office and turn the tables on him.

The Gold Connection

Pakistan's Arabian Sea coast has long been a gold amugglers' haven. Shortly after Benazir Bhutto began her second term as prime minister in October 1993, a Dubai-based bullion trader, Abdul Razzak Yaqub, proposed that the government begin to regulate the trade by granting him an import license. Documents obtained by The New York Times show the following sequence.

JAN. 5, 1994 Capricom Trading, a company controlled by Asif Ali Zardari, Miss Bhutto's husband, is incorporated in the British

2 EARLY 1994 Abdul Razzak Yaqub, a Pakistani bullion trader in Dubal, offers to help the Pakistani government regulate the gold trade in return for an exclusive gold import

@ OCT. 5, 1994 An account in the name of Dubai, in the next 17 days. Citibank documents show, Razzak's company, ARY Traders, deposits \$10 million In the Capricom account. DEC. 13, 1994 The

Bhutto government approve Razzaka bld for a gold import license. He ships . more than \$500 million in gold into Pakistan over the next three years.

MARCH-MAY 1995 More than \$18 million is transferred from the account In Dubai to another Citibank Capricom Trading is opened account in Geneva, also In at Citibank's main branch in the name of Capricom

Trading. In the following months, short-term transfers are made between the Genev account and Citibank

thousands of dollars in interest 6 NOV. 5, 1996 Benazir Bhutto is ousted as prime minister. About the same time the Geneva Citibank account said to contain \$40 million, la closed. Tha funds are transferred to Banque Financière de la Cité, also in

subsidiaries in the Channel

Islands, earning tens of

NOVEMBER 1997 Razzak denies making payments to Zardari.



THE TRADER Abdul Razzak Yaqub in November 1997.

In Karachi Ceotral Prison, Bhutto Assails Government

ISLAMABAD, Pakistan - The oppositioo leader Benazir Bhutto on Friday rejected government allegations as part of a "meaning-less game." But he offered no challenge to the authenticity of the charges against Prime Minister Mian Nawaz Sharif. She said at a news conference that she would file three complaints against Mr. Sharif and his col-

On Thursday, the government's corruption investigator, Senator Saifur Rehman, announced that suffered a heavy loss of support as the authorities in Britain, at Islamabad's request, had the corruption allegations against ordered the seizure of documents relating to the her and her husband gained cre- Bhutto family's assets and bank accounts there. Miss Bhutto distributed copies of a letter she said

resslike home set back from Kara- she had sent to prosecutors, complaining that the government was treating her and her supporters in "a hrutal and ruthless manner

"Most of those documents are fabricated," she said, "and the stories that have been spun around "All this is being done with a political motive for a political agenda to foist a one-party, one-family undemocratic and unrepresentative regime."

had inherited wealth, although not on the have identified so far is only a small part activities. They maintain that an inquiry begun in Islamabad immediately after Miss Bhutto's dismissal in 1996 found evidence that her family and associates generated more than \$1.5 billioo in illicit million dollars, even half that, no, I do not. But if you mean that I'm ordinary rich, yes, my father had three children from rice deals, to the sell-off of govstudying at Harvard as undergraduates at crument land, eveo rake-offs from government welfare schemes.

meant anything to my brothers or me."

The officials say their key break came last summer, when an informer offered been taken from the Geneva office of aricious politicians." In a Harvard com-mencement speech in 1989, she said that described as the family's attorney in Sharif battled for years against a range of tory.

corruption charges, including allegations that he took millions of dollars in unsecured loans from state-owned banks for his family's steel empire, then defaulted. The Bhuttos are among a few hundred

so-called feudal families, mostly large landowners, who have dominated pol-ities and business in Pakistan since its creation in 1947. Miss Bhutto's father was an Oxford-

educated landowner who became Pakistan's prime minister in the 1970s. only to be ousted and jailed in 1977 when his military chief, General Mohammed Zia ul-Haq, mounted a coup. Mr. Bhotto was hanged two years later, after he refused General Zia's offer of clemency for a murder conviction that many Pakistanis regarded as politically tainted

Miss Bhutto, the eldest of four children, spent the next decade under bouse arrest, in jail or in self-imposed exile, campaigning against General Zia's mil-

In 1987 she married Mr. Zardari, little

commercial college in London.
In part the match was intended to protect Miss Bhutto's political career by countering conservative Muslims' com-

Years later, many Pakistanis still speak of the mesmeric effect she had at that moment, as the daughter who had avenged her father and the politician who had restored democracy. But euphoria faded fast. Within months, newspapers were headlining allegations of dubious deals. In the bazaars, traders sooo dubbed her husband "Mr. 10 Percent."

After 20 months in office she was dismissed by the president for corruption and misrule. When she became prime minister again, after a victory in 1993, Miss Bhutto struck many of her friends as a changed person, obsessed with her dismissal in 1990, high-handed to the point of arrogance and contemptuous of the liberal principles she had placed at the center of her politics in the 1980s.

Miss Bhutto's twin posts, as prime minister and finance minister, gave her virtually free rein. Mr. Zardari became her alter ego, riding roughshod over the hureaucracy although he had oo formal pointed him investment minister, reporting only to herself, in July 1996.

the Bhuttos' standards, Mr. Zardari's began reviewing state programs for opfamily was of modest means, with lim-portunities to make money. It was these ited holdings and a rundown movie broader activities, the investigators assert, the largest sums for the Bhutto family.

Among the transactions Mr. Zardari exploited, according to these officials: plaints about her unmarried status. defense contracts, power plant projects, Barely eight months later, in 1988, Gen-the privatization of state-owned indusdefense contracts, power plant projects. eral Zia was killed in a mysterious plane tries, the awarding of broadcast licenses, crash, which opened the way for Miss the granting of an export monopoly for Bhutto to win a narrow election vic- the huge rice harvest, the purchase of planes for Pakistan International Air-

lines, the assignment of textile export quotas, the grantiog of oil and gas permits, authorizations to build sugar mills and the sale of government lands.

Before Mr. Sharif won a landslide

election victory in Fehruary last year, the corruptioo inquiry appeared, again, to fizzle. But a few days before the election, the caretaker government hired Jules Kroll Associates, a New York investigative agency, to look for evidence of corruption abroad. The Kroll investigators put out feelers in Europe, Mr. Sharif's aides said it was one of these that produced the offer to sell the Bhutto family documeots, and they took over from Kroll Associates and completed Potentially the most lucrative deal un-

covered by the documents involved the effort by Dassault Aviation, the French military cootractor, to sell Pakistan 32 Mirage 2000-5 fighter planes, In April 1995, Dassault found itself in

economic powers until Miss Bhutto ap- arm's-leogth negotiations with Mr. Zardari and Amer Lodhi, a lawyer and banker in Paris who had lived for years The investigators say that Mr. Zardari in the United States, working among d associates he brought into the gov- other things as an executive of the de ernments since the end of military rule the social and financial differences. By emment, some of them old school friends, funct Bank of Commerce and Credit International. Mr. Schlegelmilch, the Geneva law-

yer, wrote a memo for his files detheater in Karachi. His only experience more than the relatively small oumber of scribing his talks at Dassault's headquar-Nusrat Bhutto to the country's "ac- of higher education was a stint at a foreign deals revealed in the documents ters on the Champs-Elysees in Paris. taken from the Swiss lawyer, that netted According to the memo, the company's executives offered a "remuneratioo" of 5 percent to Marleton Business SA, an offshore company controlled by Mr. Zardari. The memo indicated that in addition to Dassault, the payoff would be made by two companies involved in the manufacture of the Mirages: Soecma, an engine manufacturer, and Thomson-CSF, a maker of aviation electronics.

The documents offered intriguing insights into the anxieties that the deal aroused. In a letter faxed to Geneva, two Dassault executives — Jean-Claude Carrayrou, director of legal affairs, and Pierre Chouzenoux, international sales manager — wrote that "for reasons of confidentiality," there would be only one copy of the contract guaranteeing the payoff. It would be kept at Dassault's office in Paris, available to Mr. Schle-

gelmilch only during working hours.
The deal reached with Mr. Schlegel milch reflected concerns about French corruption laws, which forbid bribery of French officials hut permit payoffs to foreign officials, and even make the payoffs tax-deductible in France.

Negotiations oo the Mirage cooract were within weeks of completion in 1996 when Miss Bhutto was dismissed

by another Pakistani president.

A Dassault spokesman, Jean-Pierre
Robillard, said Mr. Carrayrou, the legal affairs director, had retired. Two weeks after he was sent a summary of the documents, Mr. Robillard said that the company had decided to make no com-

Some of Miss Bhutto's friends say she cannot fairly be held accountable for her husband's questionable deals, since she was too busy as prime minister to know of them.

Others say Miss Bhutto, having lost her father and both of her hrothers in tragic circumstances, became so dependent emotionally on Mr. Zardari. with whom she has three children, that she told friends she found it impossible to rein him in.

Her younger brother, Shahnawaz died of poisoning in Cannes in 1985 after a dispute that Murtaza Bhutto, her older brother, linked to arguments over family assets stashed in Switzerland. Murtaza Bhutto was killed by a police hit squad in Karachi in September 1986, after a long power struggle with his sister and her husband. Mr. Zardari has been charged with masterminding the second murder. hut he and Miss Bhutto say he was framed by their political enemies.

In the Karachi interview, she said he husband's deals had been made only for Pakistan's benefit. 'He's a very gen-erous person, 'she said. 'His weakness and his strength, is that he's always trying to help people."

ALGERIA: Changing Its Character, Bloodbath Now Defies Logic

Continued from Page 1

mountains in the Relizane region, about 240 kilometers (150 miles) southwest of Algiers. That is already more than the estimated 400 people slain during Ramadan last year, many of them io carbomb attacks in Algiers.

When the killing that the Algerian gov-ernment calls "terrorism" was aimed at representatives of the country's secular culture, it was barbaric hut at least understandable: In the logic of the jihad, or holy war, the killer secured his own salvation by eliminating the "impure."

But as the terrorism has gained all the appearances of complete arbitrariness, losing any military or moral logic, it has appeared to serve only the causes of instability and murkiness. That state of affairs has left many West-

ern diplomats wondering whether the military-backed government might see some benefits in the attacks, because chronic insecurity ensures that any real democratic opening is stillborn.

Such suspicions have been fueled because some of the attacks, as at Rais last year, have continued for several hours without any intervention hy the army or the police.

The Algerian conflict has, in the end, served to reinforce a government whose days seemed numbered in the late 1980s. If the Islamic guerrilla movement that

emerged after canceled elections in early 1992 once seemed to threaten the military authorities who have governed Algeria since it gained independence in 1962, it now appears too splintered and wayward to pose any coherent military threat, West-

em analysts said. The question then arises why the government has proved unable to curtail, explain or even identify what appear to be increasingly random acts of violence. France, voicing the suspicions of many observers, appeared to hint this week that the answer may simply lie in a lack of

France believes in the legitimate right of the Algerian population to be protected, "the government said, "The duty of every government is to permit its of the fought for Algerian independence and the wholever is kill permit with Marxist economics.

Against this backdrop, the soldiers who fought for Algerian independence and reality of Algeria,

the Algerian conflict, this was a remark- cretive and authoritarian system recalling ahly pugnacious statement from France something of the revolutionary cell that about its former colony and it provoked was at the heart of the struggle against predictable outrage from President Liam- France. international inquiry, the government said, "Algeria, the sovereign state, renews its categorical rejection of any attempt to

It added that attempts to start an inquiry gerian "sovereignty."

vere "aimed at planting doubt regarding Algeria's authorities, linking military were "aimed at planting doubt regarding the source of terrorism" and were "ab-

interfere in its internal affairs.

not, as was once feared, seeped into Morocco or Tunisia, where ripples of Islamic extremism have been quickly suppressed. Nor, as once seemed possible, has it spilled over into France, where the police have proved effective in quashing violent groups linked to the Islamic Salvation

Moreover, although unemployment is made in Algeria's oil and gas fields, where there are important French and U.S. interests. The government has successfully kept the conflict out of the southern desert

areas where oil and gas are extracted. Western governments, fearing a wider instability that could send waves of immigrants over the Mediterranean into Europe, have thus preferred caution. It ership is split, and its will or ability to hit seems unlikely that a planned mission by meaningful targets is apparently limited. the European Union to Algeria would, if it The army, often using scorched-earth tacis allowed into the country, lead to a

The caution, it seems, is justified. Algeria lacks cohesion. A hrutal war of in- Algerian power. Despite the emergence of dependence against France in which more than a million people died left deep scars appears to be no doubt that the military has on a society whose ethnic and cultural unity is frail, huffeted by French colonial, Arab and Berber influences and weakened as 80,000 dead. hy the failure of an almost 30-year ex-

change in this approach.

citizens to live in peace and security." then formed or backed the governments
By the pale standards of diplomacy in that have ruled since have favored a se-

ine Zeroual's government in Algiers. Responding to France, and to U.S. calls for an ded to thrive on its opaqueness, falling back on repeated calls for unity against 'terrorists' whose identity is seldom specified and on exhortations to support Al-

and business interests and known broadly solutely rejected."

as Le Pouvoir or "The Power," appeared to have collapsed in the late 1980s, when governments have acquiesced in Algeria's agony for several reasons. The conflict has broad push for democracy cansed the unraveling of the governing party and the emergence of the Islamic Salvation Front. Briefly, Algeria seemed to toy with a real democracy.

But the army's cancellation of elections that appeared certain to bring the Islamic Salvation Front to power and the subsequent emergence of a savage guerrilla movement that seemed intent on extirphigh and economic opportunity for the ating all that smacked of Western influ-young is scant, a lot of money is being ence and tolerance in Algeria ended the

experiment. The now banned Islamic Salvation Front has since lost its mass following. While its armed wing, the Islamic Salvation Army, has called for a cease-fire. the hard-line Armed Islamic Group has vowed to fight on.

But the Armed Islamic Group's lead-

tics, has proved effective in eliminating my serious threat to the regime. Now the army remains at the heart of a vencer of democratic institutions, there

undeclared war that may have left as many Whoever is killing the people in the eriment with Marxist economics.

Relizane region, and whatever their motive, that is the political and military

gained a new lease on, life through an

BRIEFLY

Midday Explosion Rocks New Delhi

NEW DELHI - A bomh exploded in the midst of a lunchtime crowd just 100 meters from the New Delhi police chief's office on Friday, wounding 48 people and sending bloodied office workers

running in lerror.

The blast, the first in India's capital this year, followed a series of bombings last year that killed nine people and wounded 240. No arrests have been made in those hlasts and no one has claimed responsibility. No one claimed responsibility for Friday's bomhing. India is fighting secessionist

cluding a rebellion by Muslims in up to the disputed territory of Kashmir. . . city. The Indian government accuses neighboring Pakistan of fomenting

Gun-Carrying Ban In the Philippines

Philippines will be forbidden to nounced the death sentences at tions officially begins Sunday, a execution grounds and shot, the police official said Friday.

Jaime Lasar, head of the firearms and explosives division of the Philippioe National Police, said that people who wanted to bring a licensed firearm out of their residence had to secure an exemption from the Commission on Elec-

The elections, set for May 11, will be for the presidency, the House of Representatives and half crusade 20 months ago and severity the Senate as well as for provincial was encouraged.

governors, mayors and other local posts. Police said about 300,000 civilians owned guns at the end of

A Clash in Quito **Over Transit Prices**

QUITO, Ecuador - Riot police surrounded the presidential palace in Quito and lobbed tear gas at 500 students and workers protesting an increase in the prices of gas and public transportation.

Parallel demonstrations were held throughout the country on Thursday, and students in Guayaqil, Ecuador's principal port city, threw rocks and broke car windmovements on several fronts, in-shields. Burning tires were also set up to snarl highways entering the

the violence on its frontiers. Kash- O Are Executed mir is India's only predominantly Muslim state. (AP) In Shanghai

BELING - Six criminals were put to death as part of a crackdown on crime in Shanghai, the official Liberation Daily reported.

The Nos. 1 and 2 Intermediate MANILA - Gun owners in the People's Courts in Shanghai ancarry their weapons in public when public rallies on Thursday, and the campaigning for presidential elec- six were immediately taken to the newspaper said.

Two of the executed, Sun Xinhe and Wang Dengyou, robbed taxi drivers of 2,350 yuan (\$ 280) in six heists during the first four mooths of 1996, the newspaper said. Another, Xu Yajun, fatally beat a motorcycle driver after robbing him of 100 yuan Details of the others' crimes were not giveo. China launched a nationwide anti-crime

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Iraq's Man at the UN: At Home in a Hostile Country

By Barbara Crossette New York Times Service

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UNITED NATIONS, New York - Nizar Hamdonn, the voice of Iraq in the United States, is relishing a little downtime between crises. He does not expect the lull to last long, perhaps two more weeks.

Mr. Hamdoon, Iraq's representative at the United Nations, has some 15 years experience in managing crises with Americans, who regularly denounce his government but cannot seem to help marveling at his diplomatic skills. They also marvel at his longevity in the service of President Saddam Hussein, a leader not known for liking bad news.

Mr. Hamdonn is the only high-ranking Iraqi diplomat permitted to work in the United States — but only in New York — and American officials are not allowed to deal directly with him. Relations between the two countries were ruptured before the Golf War. But Mr. Hamdonn has numerous American friends no longer in government who stay in touch. They knew him when he was lrag's ambassador in Washington during another difficult time, in the 1980s. His dinner parties were famous.

"He was one of the most effective amhassadors the Arabs have sent to the United States," said Phebe Marr, a former senior unless the pressure mounts," he added.

fellow at the National Defense University.

Mr. Harndoon, 53, went to an American 'He developed a very astute understanding of the American system and how it operates."

Now, with Baghdad's archenemy, Iran, making overtures to Washington, and an American fleet within striking distance of Iraq. Mr. Hamdoon is gearing up for another busy season.

On Jan. 19, Richard Butler, the head of the UN commission charged with disarming Iraq, will make another trip to Baghdad to press for access to suspected biological, chemical, and other weapons sites that the Iraqis have declared off-limits. The Iraqis will try again to convince him that they have nothing to hide.

Mr. Hamdoon says Baghdad is on stronger diplomatic ground than it has been for a long time, despite having to back down in November in its efforts to bar Americans from UN inspection teams, and does not want any more delays: A full-fledged review of the sanctions

is not due until April.
"I think that we are running out of time, Mr. Hamdoon said in a conversation at his office, without suggesting what Iraq might do beyond "weighing options" if Mr. Butler's mission fails. But he said Washington moved

quickly "only in times of trauma. "I don't see any change in American policy

Jesuit high school in Baghdad and studied architecture and town planning at Baghdad University. He joined the air force and served more than a decade in the National Command of the Ba'ath Party of Mr. Saddam before he was first sent to Washington in 1983.

Iraq was bogged down then in a war with Iran and needed friends.

Mr. Hamdonn set out methodically to figure out how to get things done.

This country is like a big machine, with hundreds of bolts and nuts and wheels," he said, "and you have to lubricate every part of it in order for the machine to work the way you want." That meant hours spent with bureaucrats as well as high-ranking officials, and trips to campuses and business associations all over America.

Mr. Hamdoon is one of a group of Iraqi diplomats and officials regarded as "able men asked to represent one of the great moral monsters of our time," a former member of Congress said this week.

In Washington, people who have known Mr. Hamdoon for years frequeotly ask bow, after the 1991 war and what it revealed of Mr. Saddam's destructive arsenal and willingness to use it, he can go on "flacking for a cynical

and corrupt Mesopotamian megalomaniac," in the words of one politician.

Mr. Hamdoon, known for conveying back to Baghdad the stark reality of the Iraqi posidon here, said that providing an accurate picture for his government was as important as reflecting its leadership's policy here, even if he does not agree with all of it.

In diplomacy, he said, "you have to defend a policy whether you agree with it or don't agree with it on certain points."

■ Aircraft Carriers to Stay in the Gulf

The United States will keep nearly 30,000 troops and two aircraft carrier battle groups in the Gulf as a warning to Mr. Saddam that military action remains an option if he does ool cooperate with UN weapons inspectors, The Washington Post reported, citing a Pentagon spokesman.

One of the two carriers now in the gulf, the Nimitz, is scheduled to return to a new home port in Norfolk, Virginia, in early March. Sources said it would be replaced by the carrier Independence, now stationed off Japan.

Meanwhile, U.S. diplomats have been trying to secure promises from Russia and France that if the United States decided to take military accon against Iraq, neither country would publicly undercut the move.



Nizar Hamdoon, Iraq's representative to the UN. holding a football signed by the New York Giants.

Clinton Envoy Seeks Formula To Stimulate **Mideast Talks**

99 .

By Serge Schmemann
New York Times Service

JERUSALEM - The U.S. mediator for the Middle East, Dennis Ross, shuttled between Israeli and Palestinian politicians for a fourth day Friday in search of a new formula to bridge the steadily widening gap between them and enable negotiations to resume.

Mr. Ross gave no indication of his progress. But in the highly charged political air since the resignation of the Israeli foreign minister, David Levy, at the start of the week, newspapers were filled with speculation and anonymous reports.

The central question among Israelis, and probably for Mr. Ross, is whether Prime Minister Benjamin Netanyahu's government is capable of surviving any decision. Mr. Levy's defection has left Mr. Netanyahu with a scant 61-to-59 edge in Parliament, and ministers on both sides of the debate have vowed to bring the government down if it either

would resign if Israel made no with-

On the right, Rehavam Zeevi, chairman of the ultra-nationalist Moledet party, told the prime minister. "Let me tell you where we stand: We will vote no-confidence the moment the cabinet decides on the substance of the redeployment, on percentages or on a timetable."

Mr. Ross's problem is that the United States has repeatedly bowed before the argument that Mr. Netanyahu is harnstrung by his unstable government. This time, U.S. officials said Washington would insist that Israel live up to its obligations to make further withdrawals, or redeployments, in the West Bank.

At the core of the current debate is Israel's obligation to make three additional withdrawals even before a final settlement is reached. Mr. Netanyahu pledged to do so a year ago, but his proposal for a marginal first withdrawal was rejected by the Palestinians. The United States now insists that Mr.

Netanyahu make a "credible" second redeployment, which means more than 10 removes of the New York Park. 10 percent of the West Bank. The prime minister has reportedly told the Americans that he will do this if the Palestinians agree to forgo a third redeployment and enter immediately into finalsettlement talks. The Palestinians reject this notion out of hand.

According to officials who have met with Mr. Ross, the mediator has tried to shape a package that would impose strict security conditions on the Palestinians in exchange for credible withdrawals.

But an initial agreement mediated by the United States, and accepted by both Israeli and Palestinian security chiefs. was thrown out by Mr. Netanyahu, reportedly because it drew a parallel between Palestinian and Jewish militants.

Karpov Retains FIDE Chess Crown

The Associated Press

LAUSANNE, Switzerland -Anatoli Karpov, the defending champion, defeated his challenger, Viswanathan Anand, in two straight tiebreaker games Friday to retain the championship of the International Chess Federation, or FIDE.

Mr. Karpov and Mr. Anand had tied 3-3 in the six-game match, which was thrown into a tiebreaker Friday under a format that required them to play two games with a time limit of 25 minutes for each player

in each game. Mr. Karpov won the first game Ftiday, playing white, and also dominated the second game, playing the black pieces to win the \$1.37 million first prize. Mr. Anand won

\$768,000. The result capped a week's com-

petition. Garry Kasparov, who is ranked as the world's strongest player and who formed the breakaway Professional Chess Association in 1993, did not participate in the tournament.



Children enjoying a game of soccer on a street in Tehran, which awoke Friday to its heaviest snowfall in years.

cedes land, or fails to. On the left, Defense Minister Yitzhak Mordechai, a moderate in the cabinet, Mordechai, a moderate in the cabinet,

LONDON - Sir Michael Tippett, 93. a composer of limitless vision and inventiveness who was ranked as one of Britain's most important contemporary musical talents, has died.

Mr. Tippett died peacefully at his home in London on Thursday after suffering from pneumonia for two months, Meirion Bowen, his manager and biographer, announced Friday.

orchestral, chamber and piano music. fased strong rhythms, jazz, spirituals, madrigal-like counterpoint and imagin-

Tests Indicate

Avian Flu Isn't

The Associated Press

that the avian flu that has sickened to

people and killed 4 in Hong Kong is not

spreading from person to person, U.S.

health officials said. Bot they will not

"Some of our guesses are getting confirmed," said Dr. Rima-Khabazz, a

viral disease expert at the Centers for

Disease Control and Prevention in At-

lanta. "But things may change, and we

still cannot rule out human-to-human

people stricken with the type A influenza

virus known as H5Nt show at least two

different strains of the virus sickened

them - a sign that each victim con-

all had the same exact virus, that would

strengthens the conclusion that primar-

The centers in Atlanta also said there

members and others who have had con-

tact with the sick. No new cases have

day that Hong Kong officials began the

who died. The worker had not been

■ Compensation Fund Approved

Hong Kong legislators approved a

Farmers, vendors and poultry truckers

will receive \$13.3 million to cover direct

losses, and \$83.3 million in low-interest

loans to maintain or restart businesses.

They can receive the grants as early as

next week, said Lessie Wei, director of the

Agriculture and Fisheries Department.

\$97 million compensation package Fri-

The Associated Press reported.

The centers noted, however, that a

slaughter of all chickens there.

"If you look at seven people and they

Test results from the first seven

transmission."

but from a chicken.

from poultry to people."

exposed to chickens.

ATLANTA - Early tests indicate

His works, including opera, choral,

In my opinion, he was the greatest as his masterpiece. living composer — definitely in this country, but across the world I don't think there was anyone who matched his status," said a fellow composer, David Matthews. Mr. Tippett confronted social issues

squarely. A homosexual, be composed a love scene between two men for his third opera, "The Knot Garden," which had its premiere in 1969. His fourth, "The Ice Break" in 1975, featured a race riot and a psychedelic segnence.
The oratorio "Vision of St. Au-

ative new sounds, like the wind machine gustine," highly experimental and de-

Kenichi Fukui, Nobel Laureate

TOKYO (AP) — The only Japanese to win the Nobel Prize in chemistry, Kenichi Fukui, 79, died of cancer Fri-

day.
Mr. Fukul, a professor emerius at Kyoto University, received the prize in 1981 for a theory that helped more clearly explain the course of chemical reactions. His ideas were the basis for other discoveries and were used by pharmeceutical companies in developing new drugs.

U.S. Balloonists Check Out of Their 'Hilton'

ALBUQUERQUE, New Mexico Global Hilton, would descend.

- Two balloonists who had hoped for an around-the-world flight abandoned the trip Friday just 100 miles (160 kilometers) from where they had taken off, parachuting to safety after discovering a major failure.

Dick Rutan and Dave Melton were in good condition after landing 11 miles southeast of the town of Vaughn, the state police said. One of them may have suffered a broken leg.
"We had a serious failure," Mr.

Rutan told KOB-TV in Albaquerque. before parachuting so that helium ulated area.

would seep out and the balloon, called

The men decided to about the flight after discovering a rip in the helium cell, which lifts the balloon, said Patrick Barry, a spokesman for the team. He did not know the cause of the

It was unclear why the two men had to abandou the balloon rather than ride it to the ground. The balloon continued to fly at 11,000 to 15,000 feet (3,350 to 4,600 meters) and was descending slowly, said Steve Shope, project manager for the team. He said He said they had opened a gas valve he expected it to land in an unpop-

ULSTER: Prisoners Appear Placated

Continued from Page I

Last month, the Irish Republic govtracted the virus not from another person ernment released early nine prisocers who had been serving terrorism-related

Ms. Mowlam said she had made no suggest that there was person-to-person transmission," Dr. Khabazz said. "The promises of early release for Protestant prisoners and that releases could only be fact that we are seeing more than one discussed at the formal talks.

The prison, with about 600 paramilitary inmates, who consider themselves ernments. ily what is happening is transmission political prisoners or prisoners of war, is where the latest round of violence began, was a low rate of avian flu among family two weeks ago, with the killing of a Protestant paramilitary leader. Billy (King Rat) Wright. A member of the united Ireland run from Dublin. been reported since Dec. 28 - the same Loyalist Volunteer Force, a splinter Mr. Wright was killed by inmates belonging to a Catholic splinter party, the health worker had contracted the fin Irish National Liberation Army, which after caring for the first victim, a boy had broken away from the IRA.

The Catholics surrendered to prison officers and are expected to be charged with murder. In Protestant reprisals in the following week, two Catholic men were killed in Belfast. This raised fears that the talks would collapse and the day for Hong Kong's poultry industry, violence spread across Northern Ireland and even south to the Irish Republic.

The small, but essential, Protestant political parties with links to paramilitaries then threatened to boycott the formal talks that are to restart on Monday under the chairmanship of a former

U.S. senator, George Mitchell. The IRA and many of those sup-

porting its campaign of violence are represented at the talks by Sinn Fein; mainstream Catholics are represented by the Social Democratic and Labor Party of John Hume.

The principal Protestant party, the Ul-ster Unionists, and the smaller Protestant paramilitary parties, the Ulster Democratic Party and the Progressive Unionist Party, are also at the talks, as are officials of the British and Irish Republic gov-

The hard-line Democratic Unionist Party of the Reverend Ian Paisley is boycotting the talks, calling them a device to allow for the creation of a

Under the rules of the talks, agreement group not represented at the peace talks, may only be reached by "sufficient con-Mr. Wright was killed by immates be-sensus," a weighted majority on each side, Protestant and Catholic, of the negotiating table. This means that the larger Ulster Unionist Party needs agreement with at least one of the smaller Protestant validate any final peace agreement.

Thus, a pullout by smaller Protestant parties would thwart the talks and jeonardize a settlement. The chief Protestant paramilitary complaint has been that the London and Dublin governments have been making decisions that favor Sinn Feio and the IRA, particularly on the early release of prisoners.

Before Christmas, the Dublin govemment released early from an Irish prison nine inmates convicted of terrorist

IRAN: U.S. Proposed Talks to Khatami

Continued from Page I

and his advisers "appreciated the spirit" of the 45-minute interview with Cable News Network and then called attention to what U.S. analysts identified privately as the most promising line in the Iranian president's remarks.

"We also noted the president's com-ments that the conduct of relations between nations must be based on mutual respect and dignity," Mr. Rubin said. We agree.'

That apparently bland observation referred to Mr. Khatami's only direct reference to negotiations with the U.S. government during an interview replete with references to "thoughtful dialogue" with 'the great people of the United States."

"There is a grave mistrust between us," Mr. Khatami said Wednesday, "If oegotiations are not based on mutual respect, they will never lead to positive

Though couched in the negative, that comment was seen in the administration as a strongly hopeful sign. Advisers on as a strongly hoperur sign values of the Middle East policy dismissed reports that the administration was disappointed by Mr. Khatami's remarks, citing attacks on him by the conservative Iran News and Kayhan newspapers as evidence that he had extended as strong an to "the great American people."

overture as he dared. "When he says he regrets the hostage-taking and talks about America as a great civilization, and these things get criticized in Iran, it is an indication to us that he is interested in breaking down this distrust, finding a way to engage with us," a senior foreign policy official said.

tion to some of Mr. Khatami's sharper attacks on U.S. government policies and on Israel, said: "We will look closely and take a serious look at what President Khatami has said regarding people-to-people exchanges and the people-topeople dialogne. However, we believe the best way to address our hilateral differences would be to engage in a government-to-government dialogue.

There have been limited diplomatic contacts before with postrevolutionary Iran, direct and indirect.

Iranian officials sit with Americans, represented on occasion by Assistant Secretary of State Karl Inderfurth, on a United Nations panel monitoring a cease-fire in Afghanistan. The two nations also have reached modest accords on compensation for the downing of an Iranian airliner by the cruiser Vincennes in 1988, which killed 290 civilians, and on some aspects of their financial dispute before the Intercaciocal Court of Justice at The Hague.

Senior Middle East analysts and policymakers said, however, that the United States had not previously sought oe-gotiations on the full range of issues dividing Washington and Tehran. It tapped Mr. Weiersmueller, a 58-yearold career diplomat, to carry the letter to Iran because Switzerland is the "protecting power" for American interests in

The United States severed relations after student radicals stormed the U.S.



Mo Mowlam, the Northern Ireland paramilitary parties on its own side to secretary, at Maze Prison on Friday.

to relinquish power in the province. No Protestant prisoners have been released from British jails here or in England. Ms. Mowlam said, "It takes courage

to push things forward. It takes risks. I'm oot going to plead, negotiate, beg. I'm going in to make one very clear point to them, that if they want progress on issues that concern them, the only way they are going to get that is to find some overall settlement, and the only way we are acts in the IRA campaign to force Britain going to get a settlement is by talking." Embassy in Tehran in 1979, and held 52

hostages for 444 days.

Mr. Weiersmueller, who has been the Swiss ambassador in Tehrao since 1993. makes annual trips to Washington for consultations on his intermediary role. The last such trip was in April, when he met acting Assistant Secretary of State

David Welch and other officials.
"The Swiss do things in a very correct, objective, no body-language fashion," said a former official involved in relations with Iran.

'We used the protecting power channel only rarely, when we thought there was a matter of such importance that something needed to be said to the Iranians about it, and usually the tone was very tough and uncompromising," life official said, adding that the subjects were generally specific Iranian threats to American interests.

As for the Iranian replies, the official said, "Let's just say they didn't show

much daylight."

Elected in May, Mr. Khatami was widely seen as a domestic reformer, but was not expected to move quickly toward any change in the relationship with the United States, But on Dec. 14, described as "an important inioative" by a top U.S. policymaker, he signaled his intentions

■ Germany Cheers the Change

Germany and its partners in the European Union want to make a "new beginning" with Iran this year, Foteign Minister Klaus Kinkel said Friday, The

Associated Press reported from Betlin. "This will take time because we want have a substantial dialogue with Iran. including critical topics, Mr. Kinkel said. He did not elaborate, but appeared to be referring to allegations that Iran is a sponsor of terrorism, which Tehran

Still, he welcomed the recent developments in U.S.-Iranian relations. Iran's ties with Europe saw their worst crisis in some time when a German court last April implicated Iran's top leaders in the 1992 assassination of Kurdish-Iranian dissidents in Berlin.

The 15 EU nations withdrew their ambassadors after the ruling. They returned in November after Germany agreed that its envoy would return a few days after most of the others.

JOBS: Kohl Drops Pledge

Continued from Page 1

Bluem, has lashed out at German in-

dustry in recent days.

"A turnabout in the labor market is nowhere to be seen," said Oskar La-fontaine, head of the opposition Social Democratic Party. "On the contrary, all experts are forecasting further increases

The latest figures drive a wedge deeper

in a widening economic and social split

between Eastern and Western Germany. While the jobless rate held steady at 9.9 percent last month in Western Germany, it rose in the East, to 19.8 percent, compared with 19.6 percent in November. "Light at the end of the tunnel is still a long way off in the East," said Alison

Cottrell, an economist at PaineWebber in London. "Germany is divided on the labor-market fron 1. The formerly communist Eastern states have been unable to benefit from

the export boom for Western Germany's companies, said Bernhard Jagoda, presideni of the Federal Labor Office. Despite relatively mild winter weather, Eastern Germany's depressed construction sector continued to lay off workers, he said. With unemployment the dominant

political issue ahead of the Sept. 27 national elections, the 67-year-old chancellor faces an uphill election campaign as he seeks a record fifth term. Mr. Kohl's retreat from his jobs prom-

ise coincided with a new public opinion poll that showed his center-right coalition government trailing a leftist alliance of the Social Democrats and the pro-environmental Green party. The survey by the Emnid research

group found that if the elections were held now, the Social Democrats would win 38 percent of the vote compared with 37 percent for Mr. Kohl's Christian Denio-.crats. The Greens would win 10 percent, while the Free Democrats, the junior partner in Mr. Kohl's coalition, would fail to meet the 5 percent minimum threshold needed for seats in Parliament.

Dismissing the polls, which had shown a similar early advantage for the left in the 1994 election, Mr. Kohl said he expected his center-right alliance to be returned to office in September.

Algeria's Terror

It is not only the scope and persistence of the killings in Algeria that draw international alarm - a record 400 people were slaughtered just the other night, and then hundreds more. It is the aura of puzzlement that hangs over the savagery. The extremist Armed Islamic Group is blamed for most civilian massacres in the past two years. But cannot this group understand the hatred it is storing up for itself?

Meanwhile, hints of an Algerian

army or government hand in the terror linger, the presumed purpose would be to turn public opinioo against the extremists. But why then would the army or government wish to be advertising

its owo inability to protect the people?
On its part, the Algerian government is coming under increasing criticism, and more and more from its friends, for failing to do more to head off national catastrophe. Acutely conscious of the restraints imposed by their colonial past in Algeria, the French are increasingly moved by the inflow of Algerian immigrants and by the spread of Algerian terrorism to French soil. After the slaughter of the 400, French officials abandoned their usual detachment and, joined by the United States and Germany, urged the Algiers government to try harder to stop the massacres. Paris chided the Algerian leadership for not pursuing its own process

of political reform begun in 1995. The Algiers government is so far not of a mind to accept even the best-meant international counsel. For its pride, however, it now risks being isolated between a population at home that it can neither protect oor control and a European hinterland that grows more troobled by the government's some-time disrespect for the law and its slowness in providing help for the families of victims of terror.

In these bleak circumstances, a few wan rays of hope gleam. The human rights commissioner of the United Nations, Mary Robinson, is offering to mount a serious on-site inspection of the Algerian scene. Given full access and official cooperation, such a mis-sion could help resolve the nagging question of official Algerian complicity in the killings. Germany has pro-posed an initiative by the European Union. France offers favor for a European Union effort to assist victimized families

There can be no substitute for a more diligent Algerian reach for an Algerian political partner representing nonviolent Islam - precisely the partner the government spurned to launch this crisis six years ago. Perhaps an international hand can help get something moving.

— THE WASHINGTON POST.

A Lunatic Venture

The physicist Richard Seed thinks he has a nifty idea. Now that scientists have cloned a sheep, producing a lamh geoetically identical to its parent, Mr. Seed thinks it is time to clone a human child that would be the identical twin of its pareot.

Never mind that the Scottish scientists who cloned the lamb have opposed applying their techniques to hinmans, or that ethicists are disturbed over the implications, or that President Bill Clinton has called for a moratorium on cloning humans or that Congress is preparing to debate a ban.

Never mind that there is oo real need for this service, oor any compelling scientific reason to do it. Forget that the cloning procedure itself is highly unreliable, failing 276 times before the Scottish scientists finally achieved a success. Anyone crazy enough to take a chance with Mr. Seed faces the real

risk that the offspring will be deformed in this unconscionably premature ex-periment. Eveo so, Mr. Seed says he is ready to go ahead. He says he already has people lined up to have themselves cloned and doctors ready to oblige them. All he needs now is some venture capital.

Any doctors or investors who join him in this lunatic venture deserve all the opprobrium that will rightly come their way. Mr. Seed is not some modern-day Galileo rising to do hattle with forces seeking to suppress a scientific truth. His true analogue is Jack Kevorkian, the doctor who hogs the limelight while helping desperately ill patients commit suicide. The main difference is that Dr. Kevorkian is reckless in bringing about the end of life, whereas Mr. Seed plans to be reckless in the creation of life.

Good Moves in Mexico

Mexico's president, Emesto Zedillo, has announced two crucial cabinet changes in recent days that encourage hopes for greater democracy and accountability. He named a new interior minister, replacing Emilio Chuayffet Chemor with Francisco Labastida Ochoa. Mr. Chuayffet represected the worst traditions of the ruling u kevolunonary Party, o PRI. Mr. Zedillo also appointed José Angel Gurria to replace Guillermo Ortiz as finance minister, the cabinet's top ecocomic positioo.

Mr. Ortiz did a good joh of man-

aging Mexico's receot economic recovery, but different skills are required now that hudgets must be negotiated with an oppositioo majority in Congress. Mr. Gurria, who has previously served as international debt negotiator and most recently as foreign minister, is an astute politician. The oew foreign minister will be Rosario Green, the first woman io that post.

The change at Interior was overdue. The ministry plays a central role in determining wbether Mexico's democranc reforms will become a reality. It coordinates relations with the judiciary, Congress and state governments, runs an undercover investigation force and indirectly supervises other law enforcement agencies, including those involved in combating drug trafficking. It also negotiates with rebel groups like the Zapatistas in

Under Mr. Chuayffet's leadership, opposition parties in Congress were treated contemptuously and local PRI officials were allowed to run their fiefs in unaccountable and sometimes brutal ways. Corruptioo continued to plague narcotics enforcement and other police agencies.

Negotiations in Chiapas were neglected, feeding the climate that led to the Christmas week massacre of 45 Indian peasants.

Mr. Zedillo has given Mr. Labastida a strong mandate to revive dialogue in Chiapas. How well he succeeds there will largely define his tenure and Mr. Zedillo's reputation as a democratie reformer as well. The most urgent task is fully investigating the Chiapas massacre, where preliminary findings implicate local PRI officials. Mr. Zedillo, Mr. Labastida and Attorney General Jorge Madrazo Cuéllar must bring the guilty to justice, whatever their political affiliations.

-THE NEW YORK TIMES.

Other Comment

Defense-Cut Whining

The ink on the U.S. balanced budget agreement was barely dry when Republicans began looking for ways around it. Now the House speaker, Newt Gingrich, wants to bust the budget. He is calling for more military spending.

What dire circumstances have impelled the speaker to advocate higher military outlays? The cynical observer might point to an extra \$2.5 hillion to be spent next year for F-22s and C-130s, planes that the air force doesn't want but that are partly huilt in Mr.

Gingrich's home state of Georgia.

There's no other reason to increase

defense spending. The United States dominates the world as never before. The United States possesses the largest and most productive economy, as well as undoubted military supremacy.

For all of the whining about defense 'cuts," all Congress has done is eliminate the Reagan defense buildap. Adjusted for inflation, U.S. military spending is about as much today as it was in 1980, 1975 and 1965. And this is without a war in Vietnam, an antagonistic Soviet Union or a Communistruled Eastern Europe.

-Doug Bandow, a senior fellow at the Cato Institute, commenting in the Los Angeles Times.

Herald Cribune

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Financial Community Contributed to the Mess, Too

WASHINGTON — Tales of South Korean corruption, Indonesian mismanagement and Thai chicanery of the tales ring true and explain much.

But they are not the whole story. They do not explain this central reality: Asia's rolling financial crisis has been indiscriminate in its choice of victims. It has smashed the ambitions and treasury of an industrial democracy built by a disciplined and homogenous population (South Korea) as easily as it has leveled an oil-rich antocracy where social and racial tensions are rife (Indonesia).

The world's financial wizards are at work designing and revising conditionladen bailoot packages for Asia based entirely on correcting Asian flaws. The wizards seem to think like Brutus rather than Cassius, finding fault in the stars and not on their own doorstep. But they should be asking if anything in the international financial system itself helped trigger this economic deback.

The trigger for crisis in Asia, as in Mexico in 1994, was in fact external: Short-term dollar-denominated debt payments rolled due in massive amounts and international banks and investors refused to extend new credit as it became By Jim Hoagland

are being advanced to explain Asia's clear that the debtor companies and govsuddenly stumbling economies. Most ernments did not have enough dollars to pay off everybody holding a chit.

Nobody wanted to be the last fool standing. Credit evaporated overnight and the financial herd began stampeding out of Asian markets in July, trampling national economies in its rush and endangering investors' chances to get full repayment.

The material causes of this pattern of destructive financial behavior are relatively easy to identify. Greedy Asian politicians and their cronies took advantage of the laziness of institutional investors and lenders abroad, who slavishly followed the credit ratings issued by agencies that turn out to be illequipped to assess today's mountainous, often concealed foreign corporate debt.

Fund managers, under the pressure of formulaic Wall Street requirements to invest fixed amounts in "emerging markets," delegated their judgment to Standard & Poor's, or to the overly optimistic, self-interested assessmen of the International Monetary Fund or the Asian Development Bank.

This is the psychological dimension to the crisis that needs to be understood.

The huge capital flows created in investors' minds a financial Asia that did not correspond to the national conditions and political structures of the countries

into which the money was pouring.
Asia became El Dorado. The World Bank blessed the image with a late 1994 report on "The East Asian Economic Miracie" that lavishly praised the countries, now under attack, with the great financial cliché of our time: Asia was getting the fundamentals right.

The point is not that experts get it wrong, too. The point is that labels more often obscure than illuminate and should be distrusted. "Globalization" became an easy label for the complicated process that begot the "Asian Miracle."

Investors, regulatory officials, jour-nalists and others stopped thinking about the uneven, mixed individual cases the Miracle described and lumped them together as tigers, cubs or other colorful metaphors. Lumping was easier than thinking. And such labels helped cover the hot-money

profits the money managers reaped.

For years this groupthink and herd investment encouraged money-center banks, pension fund managers and credit rating agencies in the United States, Japan and elsewhere to overlonk the obvious signs of the corrup-

tion, mismanagement and chicanery

Cing the

among their borrowers. Russian politicians and their cronies looked at South Korea's chuehol system and saw a model for the economic plunder they hoped to practice. The Asian Miracle as economic model and explanation was part hype, part delusion, part scam, depending on the purposes of the beholder.

It is now clear that many South Koreans, Thais and Indonesians took the money and ran. Their countrymen will have to pay for that through the austerity, unemployment and bank-ruptcies the IMF conditions for new credit will bring.

But the IMF and the power that guides it in this crisis, the U.S. Treasury, risk building a whirlwind of re-sentment with their blinkered approach. Their recovery plans impose draconian local conditions on the Asian debtor nations but do not offer or demand reforms in the patterns of international investment and lending that contributed to this crisis.

The wizards must address directly and clearly the fault that lies with the international financial community, along with belatedly telling the world about Asia's flaws.

The Washington Post.

Europe Could Teach America Much About Drug Policy

NEW YORK — Both at home and abroad, the U.S. government has attempted to silence critics of its official drug

It has tried to suppress scientific studies that reached politically inconvenient conclusions, and to block resolutions supporting the principles of harm reduction.

In May 1994 the State Department forced the last-minute cancellation of a World Bank conference on drug trafficking to which critics of U.S. drug policy had been invited. That December the U.S. delegation to an international meeting of the UN Drug Control Program refused to sign any statement incorporating

the phrase "harm reduction." In early 1995 the State Department successfully pres-sured the World Health Organization to scuttle the release of a report it had commissiooed from a panel that included many of the world's leading experts on cocaine. The report included the scientifically incontrovertible observations that traditional use of coca leaf in the Andes causes little harm to users and that most consumers of cocaine use the drug in moderation with

few detrimental effects. Hundreds of congressional hearings have addressed multitudinous aspects of the drug problem, but few have induired into the effectiveness of various European harm-reduction

policies. In Europe, informed, public debate about drug policy is increasingly common in government, even at the EU level. In June 1995 the European Parliament issued a report acknowledging that "there will always be a demand for drugs in our societies" and that "the policies followed so far have not been able to prevent the illegal drug trade from flourishing."

The European Union called for serious consideration of the Frankfurt Resolution, a statement of harm-reduction principles supported by a transBy Ethan A. Nadelmann

and regions. In October 1996 Emma Bonmo, the European commissioner in charge of consumer policy and health protection, advocated decriminalizing soft drugs and initiating a broad pre-

scription program for hard Last February the monarch of Liechtenstein, Prince Hans-Adam II, spoke out in favor of controlled drug legalization. Even Raymond Kendall, secretary-general of Interpol, was qooted in Loodoo's Guardian

oewspaper in 1994 as saying: The prosecution of thoosands of otherwise law-abiding citizens every year is both hypocritical and an affroot to individual, civil and human rights. ... Drug use should no longer be a criminal offense. I am totally against legalization bot in favor of decriminalization for the user."

One can, of course, exagger-

oational coalition of 31 cities ate the differences between attitudes in the United States and those in Europe and Australia. Many European leaders still echo President Jacques Chirac's punitive, U.S.-style anti-drug pronouncements in France.

Conversely, support for harm-reduction approaches is growing in the United States, notably and vocally among pub-lic-health professionals but also, more discreetly, among urban politicians and police officials.

Bot Europe and Australia are generally ahead of the United States in their willingness to discuss openly and experiment pragmatically with alternative policies that might reduce the harm to both addicts and

Public-health officials in many European cities work closely with police, politicians, private physicians and others to coordinate efforts. Community policing treats drug dealers and users as elements of the com-

munity that need not be ex-pelled but which can be made less moublesome.

Such efforts. crackdowns on open drug scenes in Zurich, Bern and Frankfurt, are devised and implemented in tandem with initiatives to address health and housing problems. In the United States, in con-

trast, politicians presented with new approaches do oot ask, "Will they work?" but only. 'Are they tough enough?''
Many U.S. legislators are re-

luctant to support drug-treatment programs that are not punitive, coercive and prisoobased, and many criminal justice officials still view prisoo as a quick and easy solution for

drug problems.

The lessons from Europe and .Australia are compelling. Drug-cootrol policies should focus on reducing drug-related crime, disease and death; not the number of casual drug users. Stop-ping the spread of HIV by and among drug users by making New York Times Syndicate.

sterile syringes and methadone readily available must be the first priority.

American politicians need to explore, oot ignore or automai-

ically condemn, promising policy options such as cannabis decriminalization, heroin pre-scription and the integration of harm-reduction principles into community policing strategies. Central governments must back, or at least oot hinder, the efforts of municipal officials and citizens to devise pragmatic

approaches to local drug prob-All that remains is mustering the political courage.

The writer is director of the Lindesmith Center, a drugpolicy research institute funded by George Soros, and the author of "Cops Across Borders: The Internationalization of U.S. Criminal Law Enforcement." This article, adapted from a longer version in Foreign Affairs magazine, was distributed by the

'I Still Dream About the Boy Whom I Killed'

By Jo Becker

WASHINGTON — The United States was cotably absent from the group of 125 nations that recently gathered to sign the international treaty

banning land mines. The United States (joined only by Somalia) has failed to Rights of the Child, the most widely and rapidly adopted human rights treaty in history. And now the United States is attempting single-handedly to

block efforts to reduce the use of child soldiers. As many as 250,000 children, some as young as 8 years old, are serving in government armics or armed rebel groups. In more than 30 countries around the world, these young combatants are both the tools

and the casualties of adult

flicts in the past decade. Six million have been seriously injured or permanently disabled. Many more bear psychological ratify the Convention on the scars from being forced to both commit and witness horrific

For example, thousands of children have been abducted into the Lord's Resistance Army, an armed rebel group fighting the Ugandan government. Interviewed after escaping from captivity, a 16-year-old girl told of her experience:

"One boy tried to escape, but he was caught. ... His hands were tied, and then they made us, the other new captives, kill him with a stick. I felt sick, I knew this boy from before. We

More than 2 million children were from the same village. I me they would shoot me. They pointed a gun at me, so I had to

> "The boy was asking me, 'Why are you doing this?' I said I had no choice. After we killed him, they made us smear his blood on our arms. ... They said we had to do this so we would not fear death and so we would not try to escape. ... I still dream about the boy from my village whom I killed. I see him

> him for nothing, and I am crying." The use of children as soldiers is a growing phenomenon. In Afghanistan, the proportion of soldiers who are children is believed to have risen in recent years from 30 percent to 45 percent. In other countries, such as Burundi, children are being recruited at increasingly young-

> er ages.
>
> To address this appalling practice, the United Nations has been working to draft an amendment to the Convention on the Rights of the Child to raise the minimum age for recruitment and participation in armed conflict from 15 to 18

years of age. country unwilling to accept 18

Negotiations fell apart early last year, however, when the United States became the only

as a new minimum standard for participation in armed conflict. Negotiations are set to re-XI MONIA. DUI IMIESS IN United States changes its position, any further progress may be impossible.

Washington bases its objection to the agreement on current U.S. recruitment practices, which allow 17-year-olds to enlist with parental permission. In fact, less than one-half of 1 percent of U.S. troops are below the age of 18. After completing basic and technical training, nearly all of these soldiers have in my dreams, and he is talk-ing to me and saying I killed reached 18 before being assigned to combat positions.

Recently, 38 former U.S. military officers (including several retired admirals and gen-erals) wrote to President Bill Clinton, saying that 'an agree-ment establishing eighteen as the minimum age for participation in armed conflict reflects the strong desire of the world's nations to set a new international standard for protecting children from the horrors of

The U.S. government's obstruction of an initiative that the rest of the world favors, and that would protect a great number of children from combat, is truly unconscionable.

The writer, advocacy coordinator for Human Rights Watch Children's Rights Division, contributed this comment to The Washington Post.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: 'Wicked' Paris

NEW YORK - The Sun makes a sensational charge that Paris is one of the most lawless cities in the world: "The French really pretend to be a little better than other nations. They regard their criminals as artistic and even refined criminals. If you tell a Frenchman that his laws are hreeding a race of criminals, he will not believe you. He thinks that you are a barbarian because you are a foreigner and that you know nothing about it. He believes France to be not only the greatest of all countries, but the most virtuous. He excepts Paris, perhaps, because he likes to believe that Paris is wicked."

1923: U.S. Withdrawal

PARIS - The decision to withdraw immediately the last of the American forces from the Rhine came as no surprise to the French Government. The Amer-

ican flag is now to be hauled down oo the Rhine practically simultaneously with the French advance into the Ruhr. The French Government intimated that it doesn't think that America is abandoning France and favoring Germany in the matter of the Ruhr occupation.

1948: Moroccan Ire PARIS - The Sultan of Mo-

rocco, Sidi Mohammed ben Yussef, has demanded the recall of General Alphonse Juin. French resident general, in a let-ter to President Vincent Auriol. The Sultan, after citing a long list of grievances, contends that France has violated the treaty of 1912, which established a French protectorate over the area. He seeks independence for Morocco. The Sultan's action follows the formation of a Northwest African League under the direction of Abd-el-Krim, the Moroccan rebel chieftain

Yes, Baby Boomers, Life Is Unfair

WASHINGTON —
Americans probably

watch the evening newscasts with eyes as dull and lifeless as oysters on the half shell. The news Americans receive is that they are trapped in a tightening vise of risks

Recently a octwork newscast began with stories about Sonny Bono's accident and the risks of skiing. (Should helmets be mandatory?) There also was a story about the risks of "our everyday lives" -"even the simplest activities can be more dangerous than yon may think." (Odds of "getting cancer from an average number of X-rays, one in 700. Your odds of dying in a home accident are one in 130;

a car accident, one in 60.") There was good news - a report that middle-aged men who eat certain kinds of fish once a week "can cut their heart attack risk in half."

But the broadcast included bad news germane to that good news: The obligatory story of impending environmental calamity concerned "alarming new information about the state of the seas," which are "now very much at risk." Just another day of jour-

Of course there never has

been a safer time (the biggest

recent risk-reduction was the

dissolution of the Soviet Un-

nalism in this risky time.

By George F. Will

wariness (stay ont of the few neighborhoods where most violent crimes occur), and other forms of prudence (do not gather cash from a cash machine at 2 A.M.).

Some risks result from demanded conveniences (e.g., cash machines); some risks are substantially optional (AIDS. coronary heart disease and lung cancer, among other afflictions, are largely results of behavior well-known to be risky). Some risks are coveted consumption goods (skiing vacations at Aspen or Tahoe).

The elderly are increasingly at risk of suffering many afflictions because medicine has radically reduced the risk of dying earlier from other af-

sigh with relief and relax in cabs that were last inspected at Studebaker dealerships and are driven in rush-hour traffic by strangers driven by strange demons.) Rational worrying requires weighing two primary variables, the probability of an

event and the magnitude of

minuscule likelihood of a large

rage" — that is worrisome. Irrationality about risks results in, among other wastes, public regulations and expenditures that do not fit reality. So just as young doctors should be told that all their patients are going to die, everyone needs reminding that there always will be a few especially im-

portant causes of death. One reason we live in an age of irrational anxieties is that television, a dispenser of perceptions, is an efficient instrument for erasing the distinction between measured risks and perceived risks.

Furthermore, television news is produced largely by and for baby boomers, who in their narcissism constantly congratulate themselves on discovering new things (sex. cigars, injustice, martinis, flictions (pneumonia).

Rational worrying is a 50 and discovering a cosmic learned skill. (White-knuckle injustice: They are going to die. Is this fair? Can't Coodie. Is this fair? risks). Now they are turning gress produce just one more entitiement?

If this generation of whiners had been born just 50 years earlier, many of its members would have died before learning how to whine. Obsessing about physical

risks comes naturally to a so-

ciety that defines the good life that event. Living next to a in terms of material well-benuclear plant involves a ing and thinks the aim of polities is the ever finer fine-tuning of life's fairness. Washington Post Writers Grown

ion). Many of today's risks can disaster. Driving to the gro-

be minimized by routine urban cery store in this era of "road

ed to the Mess, Too INTERNATIONAL HERALD TRIBUNE SATURDAY-SUNDAY, JANUARY 10-11, 1998

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Cultural Local Saving the Past

Saving the Past

Debate Rages Over Antiqu

International Herold Tribune
Tem Spriller by the day in the debate that pitches those cager to protect the buried treasure to protect the buried treasure and evenmally, the head were found to and evenmally, the the piece. The day on the piece of the piece Cultural Ecology:

Debate Rages Over Antiquities

of mankind, antiquities, against those and eventually, the museum bought desperate to defend private collecting the piece. The damage caused to the and the trade that caters to it.

It fills pages in the January-February issue of Minerva, The International Review of Ancient Art & Archaeology, founded by a New York dealer, Jerome Eisenberg, a Jekyll-and-Hyde character who loves his trade but is equally fas-

inated by archaeology as a science.

The debate is at the source of the mermational agreement on stolen or illegally exported cultural objects, the Unidroit convention, promoted by the

SOUREN MELIKIÁN

United Nations Educational, Scientific and Cultural Organization - some European states voted in favor, the United States may or may not agree — and it is an angreed with the gigantic havor now angrily spilling into the courts, American ones included. As in all vital issues, both affected countries are never mensides have a case to make.

There is little doubt that illicit digging for profit is smashing up the global world hoard stashed underground. It seums. Echoes have yet to filter to the is as damaging to our cultural heritage as pollution is to our environment. It Kal-e Makareh, in Western Iran a few mutilates masterpieces and destroys en- years ago. An inaccessible cave high up tire categories - buried ivories, which in the mountains apparently made into a need to be stabilized before being royal repository, possibly religious, was touched, do not survive. Not least, it nearly emptied of its contents before an destroys the nonscriptural body of ev- archaeological team from Tehran could idence that underpins the history of reach it. Among the works still in place

happy ending, often courtesy of dealers ed, were two life-size silver goats, with like Eisenberg.

Those who pass through the Egyptian legs. One or two masks, presumed to be rooms of the Metropolitan Museum in of human-beaded winged lions were New York will be struck by the gray found. Later, one of these was seized New York will be struck by the gray granodiorite statue of a man. Pressing a staff against his chest, his head slightly thrown back, the man has an ineffable smile of inner certainty not uncommon under Amenhotep III (around 1391-1353 B.C.). Breaks and losses speak of

the head." Minerva supplies the details about which the Bullcun seems so shy. There you read that the Royal Athena

auction in Paris in 1995. The dealer, who holds a doctorate 'degree in archaeology, had a scholar's ican collections. reflex. Although there are no hieroglyphs on the sculpture, he turned to Raymond Johnson of the University of Chicago

was immediately reminded of a head in the Met, bought in 1919.

When brought into the museum for comparison, the torso and the head were found to belong together Egyptian masterpiece has thus been greatly reduced. The poise of the figure, now restored, gives a new meaning to the man's expression, full of dignity. But with the loss of the arms, the sculptural balance has been irreparably impaired.

Had the statue been recovered from a proper excavation, damage caused in ancient times when it was smashed, perhaps under Amenhotep III's successor, would be visible. But in all likelihood, it would have retained most of the broken bits. The splintered off the shoulders, would not have been lost.

affected countries are never mentioned. Tibet has been devastated and its debris acquired by Western mu-

West of the disaster that took place at when it arrived, the Persian journal Mir-At wide intervals there is a (partially) as-e Farhangi (Cultural Heritage) reportwings in the back, standing on their hind from traders trying to take them out of the country. It was shown to me in the stor-

Shortly afterward, a flow of gold and silver vessels in a style clearly paving the way for the great classical style of the Achaemenid Empire (559-334 in the way for the great classical style and losses speak of the rough handling. The tip of the nose is smashed, the tressed beard retains only traces of its tapering tip. Most of the right arm and the middle portion of the left arm holding the staff are gone, as are the legs, chopped off below the knees.

In way for the great classical style and the way for the great classical style and the middle deposition of the left arm holding the staff are gone, as are the legs, chopped off below the knees.

In way for the great classical style and pieces, most of which are the product of illegal excavations."

This provoked an enraged Eisenberg to reply with a blistering, "Enough is rollers. A few have appeared at auction; most have been handled by dealers. A legs, chopped off below the knees.

But Eisenberg himself is clearly distributed by the havor. The latest issue the product of illegal excavations."

This provoked an enraged Eisenberg to reply with a blistering, "Enough is comply. Lord Renfrew," in the September-October issue of Minerva.

But Eisenberg himself is clearly distributed by the havor. The latest issue the product of illegal excavations."

This provoked an enraged Eisenberg to reply with a blistering, "Enough is comply to the product of illegal excavations."

Austria Protests Austria Pr

age room of the Ministry of Culture.

about 30 silver drinking horns dating Galleries, in other words, Eisenberg, from the second or first century B.C. I who owns and runs it, bought the torso at caught sight of them while they were in a come straight from the source countries. European capital on their way to New York. Most are now ensconced in Amer-

In scale, the catastrophe is worst in the Middle East and China, but in nature, the problem is worldwide. There are two Epigraphic Survey at Luxor. Johnson differences with the past. Physical de- answers to a cultural dilemma.



Granodiorite statue from the reign of Amenhotep 111, c. 1391-1353 B.C.

> struction has accelerated (metal detectors plus dynamite make a lethal combinarinn), and a tide of opinion, academic and otherwise, is mounting against this state of affairs.

Minerva is ringing with echoes of the debate that is erupting. The Unidroit con-vention established by Unesco and adopted by some countries may be imperfect but the very fact that it exists has consequences. There have been spectacular conversions from a debonair tolerance of collecting to fierce opposition.

OLIN RENFREW, who wrote and has recently been released on video.

The Cycladic Spirit, a book It is his artwork though that offers the about the finest private colistence, published by Harry N. Abrams, is now campaigning hard for the adoption of Unidroit in Britain. The Guardian quoted him last year as writing that "dealers have shop windows full of bits and nieces most of white me way for the great classical style of ing that "dealers have shop windows the Achaemenid Empire (559-334 full of bits and pieces, most of which are B.C.) began to reach London and New York. On some curvations in the show ranges through nine decades. His theater work began with a doodle Hirschifeld" at the Katonal of the Prench actor Sacha Guitry on a Art in Kotonah, New York.

York, On some curvations in the show ranges through nine decades, from a drawing by the budding 11-year-of the French actor Sacha Guitry on a Art in Kotonah, New York.

This respectively.

HE Metropolitan Museum of tance appears to have been desuroyed tressed by the havoc. The latest issue devotes a whole page to the recovery (in., mid-November as a record of history, early rithal and pre-Achaemen appalling condition) by German police on appalling condition by German police on the recovery (in., appalling condition) by German police on appalling condition by German police on the recovery (in., appalling condition) apparent (in., appalling condition) by German police on the recovery (in., appalling condition) apparent (in., appalling condition) apparent (in., appalling condition) apparent (in., appalling condition) apparent (in., yearly museum acquisitions id art history, about which details are cryptically notes, "The torso, in a desperately scanty.

In the early 1980s, a disaster of combarrance of the church of Panagia Kanakaria at Lythrangouni in Turkish-occupied karia at Lythrangomi in Turkish-occupied only recently identified as belonging to parable proportions in what must have . Cyprus and the recovery of plaster medalbeen the buried remains of a royal palace lions stolen from the Kabul National Mnprojected onto the Western markets seum. The dealer has told me that he never buys fragments from monuments, nor will he do business with runners who

Can the protection of the world heritage, and the collecting impulse that prompts the trade, ever be reconciled? Some partial solutions are conceivable.

First of two articles, Next week: Some

Hirschfeld's Vision of Theater

By David Leopold

EW YORK - "Would like a drawing of Harry Lander two cols deep delivery no later than Tuesday. Sam Zolotow New York Times." These 20 words, in a telegram to Al Hirschfeld, changed the

way we look at the theater.

The drawing of the Scottish vaudeville star, published on Jan. 29, 1928, marked the beginning of Hirschfeld's 70-year association with The New York Times. Throughout the decades, to be "Hirschfelded" bas been a sign that one has arrived.

Now, at the age of 94, the man many believe to be the finest caricaturist of his era will be celebrated in at least three

major exhibitions.
Instead of deflating his subject, a tra-dition in caricature, be joins the actors in their pantomime, capturing their characters in so few lines that the playwright Terrence McNally once said: "No one 'writes' more accurately of the perform-ing arts than Al Hirschfeld. He accomplishes on a hlank page with his peu and ink in a few strokes what many of us Ella Fitzgerald, 1993; Al Hirschfeld is the subject of several exhibitions.

When he can, the artist works from life, making sketches and notes on a pad or in his pocket during a performance. Back in his studio in Manhattan, he collates his notes and sketches with photos of the production to shore up his selfdeclared "faulty memory" and distills them outo a drawing board. But for a man who lives resolutely in

the present, his past keeps coming back to haunt him. It is understandable. He has traveled, almost as a Zelig-like character, from Gertrude Stein's Paris salon to the first cellular on-line conference. And he has recorded and participated in nearly the entire history of the lively arts in the 20th century.

He is an easy raconteur, and some of his recollections were recorded during the making of "The Line King," a 1996 film about him by Susan Dryfoos that was nominated for an Academy Award

truest reflection of the man: uncompliclectinu of Cycladic art in ex-published by Harry N. Abrams, portunities to study his "unaccountable line," as he calls it, include a major



program, published in The New York Herald Tribune in 1926. (It was the start old artist to his most recent work. Other exhibitions that include his work will be at of regular theatrical assignments that the Library of Congress and the National became exclusive with The New York Times in 1943. A handshake scaled the agreement until 1990, when a contract Portrait Gallery in Washington and Har-vard University in Cambridge, Mas-

It is in his film art that the evolution of was drawn up.)

Hirschfeld line can be traced. Rising Instead of relying on the outline or the Hirschfeld line can be traced. Rising from office boy at Goldwyn Pictures in 1920 to art director at Selznick Pictures two years later, Hirschfeld was already widely acclaimed for his movie poster artwork before he published his first theatrical caricature. His early influences were what he now refers to as the "eye, ear, nose and throat" drawings of Charles Dana Gibson, who defined an era with the Gibson Girl.

Hirschfeld then graduated to the stylized line drawings of John Held Jr., the illustrator of the Jazz Age. In 1924, when be was 21, he took a studio on West 42d Street with the newly arrived Miguel Covarrubias, and was bitten by the bug of caricature that Covarrubias bac brought from his native Mexico.

"There was something about Miguel's background that made him a natural graphic artist," Hirschfeld said recently,

palene of graphic symbols (including his daughter's name, Nina, which he began hiding within his work in 1945) to translate the action of the whole body into line drawings that have become the lingua franca of generations of actors and audi-

profile of bis subjects, like many of his

early contemporaries, he has employed a

But no matter how he is celebrated. the artist knows there is a clean, coldpressed illustration board sitting on his drawing table that cares little for what he has done in the past. On it will be his favorite drawing: the one he is working

David Leopold, a performing-arts historian and the archivist of Al Hirschfeld's work, wrote this for The New York Times. He is the guest curator and a lot of that rolled onto me." of the exhibition "In Line With Al His theater work began with a doodle Hirschfeld" at the Katonah Museum of

New York Times Service

TIENNA - The Austrian government protested the detention in New York City of two paintings by the Viennese Expressionist painter Egon Schiele that had been part of a sbow at the Museum of Modern Art and were scheduled to be returned

"This deals a heavy blow to the international exchange of art." the Austrian culture minister, Elizabeth Gehrer, said. "It shakes the foundation of trust that one should also be given back pictures one has lent out."

[Foreign Minister Wolfgang Schuessel told reporters in Vienna that he had demanded "the total clarification of the question of ownership" of the two canvases, AFP reported. "Austria's justified interests must be protected."]
The dispute over the

provenance of the paintings, which two families claim were confiscated by the Nazis from their relatives, has become a cause célèbre in Austria involving politicians, dip-lomats and art experts. The paintings, which are among the holdings of the Leopold Foundation, named for a Viennese ophthalmologist and art dealer, Rudolf Leopold, have also drawn attention from the U.S. government.

In Washington, the State Department said it had discussed the matter with one of the claimants last week and



Disputed painting: Schiele's "Portrait of Wally."

the U.S. Embassy in Vienna. partment spokesman, said, "We are encouraged that the Austrians and the Foundation have indicated their willingness to work with the claimants to resolve the issue of ownership amicably."

Austrian newspapers and television stations reported on the matter in detail and for the most part expressed astonishment that the paintings, part of an extensive Schiele collection, were being held in New York as a result of a subpoena issued to the museum by the Manhattan district attorney, Robert Morgenthau.

In New York on Thursday representatives of the Leopold Museum, which is being built in Vienna by the Leohad been in touch with the pold Foundation, issued a Austrian government through strong statement of protest,

defending Leopold as a good-James Ruhin, a State De- faith purchaser of the artworks and protesting the actions of the two families: "They have unnecessarily forced a situation that breaks the legal contracts that guarantee the return of the paint- the paintings. The ministry ings between MOMA and the Foundation, crippled two representatives from the MOMA's ability to fulfill its Ministry of Finance and two obligations to its benevolent from the Ministry of Culture lenders, and perhaps dam-

> The conservative newspachairman of the Museum of

criminal process."

mid-1980s and who is an avid collector of Schiele himself. The paper said that Lauder

was affected by the Morgenthau ruling, not only as chairman of the museum, but because of his position as head of a committee at the World Jewisb Cougress that deals with the recovery of stolen art. Since the first article about the artworks ran in The New York Times in late December, Lauder has declined to comment.

HE two paintings, "Portrait of Wally" and "Dead City" are holdings of the Leopold Foundation, which is financed by the Austrian government and which bought Leopold's collection in 1994 for about \$175 million. According to the Austrian

Ministry of Foreign Affairs, the Leopold Foundation. which was established under Austrian law as a private founsaid that the government had on the foundation's board of aged the legitimacy of the directors. The Ministry of Foreign Affairs told American diplomats here that because of per Die Presse noted that the the lack of evidence of wrongdoing in Leopold's acquisi-Modern Art is Ronald Laud- tion of the paintings, the gover, who was American am- emment would not intervene.

auction sales

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-Tuesday, January 20, 1998 -

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HEART AT THE AIRPORT By Mark Danna

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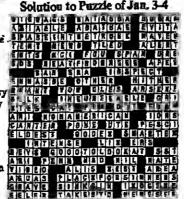
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New York Times/Edited by Will Shortz.

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Continued on Page 12

JANIO LED

SATURDAY-SUNDAY, JANUARY 10-11, 1998

By Thomas Crampton International Herald Tribune

BANGKOK — Topping off a week of unprecedented currency turmoil in Asia, every stock market in the region fell Friday despite signs that the United States and International Monetary Fund would intensify efforts to help ease the

Even such traditional safe havens for capital as Hong Kong and Singapore joined in the plunge as investors scorned stocks that many analysts said are already undervalued

Manila stocks led the rout with a loss of 8.3 percent, followed by Singapore with 7.4 percent and Hong Kong with

But the gloom was felt throughout the region as Kuala Lumpur stocks fell 3.1 percent, Seoul 2.4 percent, Bangkok 2.9 percent, Sydney 1.8 percent, Jakarta 1.2 percent and Shanghai 3.9 percent. Tokyo stocks slipped 0.2 percent and

Taipei 0.5 percent.

There will certainly be an end to this crisis, but it is impossible to say when," said Mark Sundberg, co-head of regional research at Salomon Brothers.
"Without a doubt these currencies and Without a doubt these currencies and stock markets have dropped to levels that do not reflect their underlying value, but you just can't put a date on when confidence will return and people will begin buying."

The region's currencies, including the Indonesian rupiah, took a respite from a week of hitting historic lows against the U.S. dollar almost daily following reports that Deputy Treasury Secretary Lawrence Summers would travel to Jakarta this weekend in an effort to negotiate a "strengthening and

acceleration" of Indonesia's \$43 billion international bailout.

The IMF's top officials, Managing Director Michel Camdessus, and the first deputy managing director, Stanley Fischer, plan to visit Asia next week.

While positive, analysts said the news was not enough to reassure investors that Asia's final U.S. dollar-pegged currency, the Hong Kong dollar, was immune to speculative attacks.

Investors, fearing high interest rates if the currency comes under attack, fled the Hong Kong market, driving the

the Hong Kong market, driving the Hang Seng index down for the sixth straight session to close at 8,894.64 points, its lowest since May 10, 1995. The length and severity of the re-gional turnoil has also raised concern

that, despite repeated denials by Beijing, China may devalue the year. Singapore suffered a stinging hlow Friday as plunging stocks further tar-nished the prosperous island's image as a safe haven and pushed the market's total loss in the first week of this year to

The Singapore dollar, which had until recently been relatively insulated from the regional turmoil, has fallen 20 percent since the crisis began in July, with the sharpest decline taking place in the last few weeks.

The sell-off in Singapore has largely been driven by the currency collapse in Indonesia, and few buyers will return until the regional turmoil settles down, analysts said.

On Thursday, the Indonesian rupiah fell 26 percent to a record low of 10,550 to the dollar. The rupiah has lost half its value since the year began and about 75 percent of its value since July when currencies began dropping to re-

ternational harmonization,"

Mickey Kantor, who served as chief

trade negotiator and commerce secre-

tary for President Bill Clinton during his

first term. "These are very important issues. But it is like they are being dealt

with in a closet somewhere and no one's

agreement is expected by March but few

consumer advocates will have had a say.

There were 62 government regulators and 26 industry representatives who

took part in the Geneva auto committee

last November, under United Nations

rules, but only one consumer repre-sentative from London and one auto

from those designed to prevent unsan-

itary meat-packing plants and adulter-ated drugs at the turn of the century to

those put in place in the 1960s in re-

sponse to unsafe cars, were created to

address social concerns and before global trade was so important. Now,

some of these rules are seen as bu-

reancratic impediments that can block

International Trade Commission under

Presidents Jimmy Carter and Ronald

Reagan, is one of the architects of what

she calls "entrepreneurial diplomacy."

consultant, Ms. Stern applauds the role

of businesses in what she sees as a

valuable effort to streamline interna-

tional regulation while maintaining

public protection as worldwide trade expands. She said it was possible to

"adapt the necessary goals of protecting health in a way that is also the most efficient and the most streamlined and

that will make the U.S. economy the most competitive."

setting is increasingly taking place in less open or accessible international for-

ums, like the United Nations committee

the American Insurance Association,

has criticized the "closed door" nature

of the road to Geneva.

But since the regulation and standard

Now paid by corporations as a trade

Paula Stern, chairwoman of the U.S.

markets and cause inefficiency.

Many U.S. regulatory operations,

club member from France.

The final automobile standards



A man in Seoul walking past a bank advertisement Friday that offered a 20 percent interest rate on savings deposits. Big international banks have agreed to keep extending due dates on loans until the crisis is solved.

cord lows in several Asian countries. In Malaysia, dealers said uncertainty over the ringgit could result in more equities selling next week in a stock market that was already trading near a

Regional sentiment also pulled down Thai stocks. Analysts said the market had already discounted a downgrading of long-term Thai dcht by Standard & Poor's Inc. to one notch above "junk"

Zurich Backs Away From Peregrine Stake

Hong Kong Firm Teeters after Deal Collapses

By Philip Segal Special to the Herald Tribuna

HONG KONG - One of the most swashbuckling symbols of the Asian boom of the 1990s - the Hong Kongbased investment bank Peregrine Invest-ments Holdings Ltd. — was fighting for its life Friday, after amouncing the col-lapse of a deal to sell a \$200 million minority stake to Switzerland's Zurich Insurance Co.

Stung hy losses in Asia's stock, bond and currency markets since the onset of the economic crisis last July, Peregrine is now faced with trying to find another suitor to inject badly needed funds.

Hong Kong regulators immediately announced they had suspended the stock exchange membership of Peregrine, one of the largest Asian investment hanks outside Japan. Officials said they would restrict the company's husiness "in the interest of the investing public."

Unlike its larger, global competitors, Peregrine is a purely Asian undertaking, with no hig American or European business to cushion the blows it has taken on its home turf.

Denying rumors in the market that Peregrine was shutting its doors for lack of money, a spokesman for the company, Tom Grimmer, said: "We're not shutting down. My understanding is that we'll continue to operate this business."

The company's shares, which have been suspended from trading since Wednesday, will stay off the market until further notice, he said: "We're now considering alternatives available to us."

Also canceled is a separate purchase of Peregrine stock worth \$50 million, by Chicago International Finance Corp., a subsidiary of First Chicago Corp. Its completion was contingent on the Zurich purchase going through. A third intenpurchase going through. ded purchase hy a party never identified by Peregrinc has also been canceled.

The collapse of the deal was hardly a surprise after the Zurich transaction was put off earlier this week, subject to renegotiation. Zurich had second thoughts as it emerged that Peregrine could be owed as much as \$270 million by a single Indonesian debtor with ties the Suharto family.

And given Peregrine's losses in the local stock and bond markets — it set aside \$60 million in the first ten months of last year alone to cover losses - some observers were surprised that the original deal was struck in the first place. "We thought it was amazing that Zurich came in at all," said an analyst who asked not to be identified.

Once the brashest of investment hanks that paid some of Asia's heftiest salaries and saw executives arrive at work in Rolls Royces, Peregrine set out in 1988 to conquer Asia hy being a homegrown investment bank that would specialize in Asian securities.

During 1996 and the first nine months of 1997, it was the top underwriter of Asian stock sales. The company has 33 offices in 15 Asian countries as well as in other major financial centers.

Along the way, its aggressiveness landed it in trouble with regulators and local partners in Vietnam, Burma and South Korea.

Last year, Vietnamese authorities

See PEREGRINE, Page 14

Elusive Global Watchdogs

Business Joins Bureaucrats in 'Private' Talks

By Jeff Gerth New York Times Service

EW YORK - The gilded Palais des Nations in Geneva is a perfect setting for the elite group of industry executives government regulators who regularly meet there to establish worldwide. auto safety regulations for the next century. A sign marked "Private?" vented anyone not part of the official 90-member delegation from entering the last gathering held in November.

As they decide public safety issues from emission standards to safety belts that will affect drivers and passengers around the world, the Geneva negotiators do not have to adhere to many of

ECONOMIC SCENE

the rules requiring openness to the public and interest groups that govern similar proceedings in the United States.

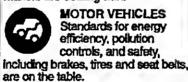
In the interest of breaking down trade barriers, negotiations like these are trying to harmonize or create common regulations for products to be sold around the world.

The auto negotiations in Geneva are on the cutting edge of this new regulatory world, where government agreements on everything from drug-testing procedures to food safety standards are driven largely by the business interests most directly affected.

At the dawn of this new worldwide regulatory machinery, it is premature to predict its impact. But corporate executives are generally ecstatic, consumer advocates are increasingly critical and many regulators from the United States have mixed feelings. This reflects the tension that can sometimes arise between the expansion of trade and the retention of high standards for safety and health.

Barely noticed ontside a small circle, the international rule-making has sparked an underground debate over who gets to write the rules. Already, one of its creators is worried about the shape

This is about sovereignty, multinational corporations, the new post-Cold War world, global standards and inSome of the issues global rule makers are dealing with.



Under Negotiation

FINANCIAL SERVICES Setting minimum standards for how much capital banks must hold in reserve to reduce the risk of a global financial panic is a central element in a broader review of banking regulation.

ACCOUNTING Proper ways to account for derivatives and other financial instruments are being discussed as part of a larger effort to standardize global

accounting principles. DRUG APPROVAL Procedures for conducting drug trials and reporting the results are



The United States wants to open up the process, but does not always get its way in international standard-setting forums. Last year, for example, Codex Alimentarius, a Rome-based group that sets global food safety standards, rejected U.S. efforts to cut in half the acceptable levels of lead in mineral water and to

require dairy products to be pasteurized. International husiness diplomacy was jump-started in 1995 with the creation of the World Trade Organization, which calls for single standards and shared regulatory systems across borders in the

name of reducing barriers to trade.

Members of the WTO, like the United States, can theoretically retain their own in Geneva, safety advocates worry that their concerns will be slighted. Already, David Snyder, an assistant counsel with higher standards, but those standards would be harder to defend before its international panels against a charge by

See TALKS, Page 14

Asians Preach Self-Help in Crisis

By Thomas Fuller

KUALA LUMPUR - A year ago, East Asian nations jockeyed for the right to boast the highest economic growth rate.

These days, however, they sometimes seem to be competing in the race to dream no the most dramatic - and in some cases, the most creative responses to economic crisis.

Leading the wave is Malaysia, where Prime Minister Mahathir hin Mohamad asked his countrymen Friday to sell off overseas assets and to repatriate the proceeds to help shore np the country's foreign exchange re-

"Those who have assets outside the country should sell now to bring back the foreign currency and keep as sav-ings in this country," Mr. Mahathir told a national television andience. "We want it sold in the foreign currency," he said, "and kept in our central bank."

Mr. Mahathir's plea follows a litany of other self-belp measures introduced in Malaysia. Civil servants have been harred from going overseas on vacation and the government has asked people to take one lump of sugar in their tea instead of two. (Malaysia imports most of its sugar.)

More comprehensive is a plan for Malaysians to grow their own vegetables. The country's finance minister, Anwar Ibrahim, recently urged families to start np a vegetable patch, a move also aimed at reducing the country's import bill.

Malaysian officials took the idea one step further Friday when the country's prisons department said it had started to grow vegetables and fruit in prison compounds to reduce spending on food for inmates.

The director-general of prisons, Omar Mohammed Dan, said the project could save the government 4,000 ringgit (\$850) daily in food costs for the 35 prisons in the country.

"Six prisons have started the vegetable gardening project and the first harvest is expected in two months," Mr. Omar was quoted by Bernama

news agency as saying.

Even the finance minister practices what he preaches. "He has done it for a while," said Adlin Zabri, a top aide to Mr. Anwar. "I don't quite know

what kind of vegetables. Many of them green, leafy types, I think."
Mr. Adlin said the vegetable growing campaign was not just done to save money, "but also in the sense of unity in the nation."

He added, "It shows the seriousness of the government. As other East Asian countries grapple with the ongoing financial tur-

moil, their programs are becoming

more grassroots, as officials hope to bring the idea of austerity closer to The Thai Finance Ministry is designing posters that will encourage people to push elevator buttons once

not twice. Calling an elevator more

than once, the ministry calculates, costs 7 baht (13 cents) in electricity each additional time. South Korea is encouraging cash and jewelry donations to the govern-

ment. In Thailand, the government recently announced a national gold collection campaign that it hopes will bolster the country's foreign currency Officials say Malaysia's vegetable-

growing program, anachronistic as it may sound, might put a dent in the \$2.5 hillion the country spends on imported food every year.

"It's more symbolic than anything else," Mr. Adlin conceded. "But in the present economic crisis, any small initiative is helpful."

U.S. Payrolls Rise, but Jobless Rate Edges Up

By Mitchell Martin

American economy added a

larger-than-expected 370,000 jobs in December, the government reported on Friday, showing little evidence of weakness spilling over from the financial turmoil in Asia.

Analysts had been expecting a gain of only about 213,000, hut the report contained some conflicting information about the state of the economy. The unemployedged up to 4.7 percent from 4.6 percent, reflecting growth in the labor force. After an initial jolt, the

well, but the stock market did Bond prices rose, with the yield on the benchmark 30vear Treasury bond dropping to close at 5.70 percent from

bond market took the news

5.74 percent on Thursday, while the Dow Jones industrial average tumbled 2.85 percent.
"The stock market is look-

ing for any excuse to go down, and the bond market is looking for any excuse not to go down," said Lawrence Kreicher, chief economist and director of global bond research at Alliance Capital Management LP. He said the report was basically a sign of a strong U.S. economy that would eventually put upward oressure on interest rates.

President Bill Clinton said the United States had added 14.3 million jobs in the past five years. "Our nation is on a roll," he said. In 1997, 3.2 million jobs were created, up from 2.5 million in 1996. The

total number of workers on Kreicher said the economy U.S. payrolls now is 123.9 million, the Associated Press reported.

Some of the elements of the December report that indicated weakness could be attributed to seasonal finctuations, Mr. Kreicher said. One closely watched statistic was that average hourly earnings rose 0.1 percent, less than expected. The average workweek, meanwhile, fell to 34.6 bours from 34.8 in

Looking at fourth-quarter averages, however, Mr. manufacturers are likely to

was growing relatively quickly, although he predicted it would slow from the even faster rates of 1997. Last year, the U.S. economy expanded by an estimated 3.6 percent.

Mr. Kreicher predicted that the gross domestic product this year would expand by more than 3 percent. He said he had not reduced his forecast to account for the weakness caused by collapsing Asian economies and currencies, but had changed its constituent parts. While U.S. face pressure from overseas competitors whose prices are falling as their currencies weaken against the dollar, the low-interest-rate environ-ment that results will provide a lift for the U.S. economy.

Even though he predicted the 30-year bond yield would climh to about 6.25 percent by the middle of the year, Mr. Kreicher said this was still a low level for the past 20 years. His outlook also means that corporate profits would expand hy perhaps 9 percent. This would indicate stocks were a better buy than bonds.

CURRENCY & INTEREST RATES

Jan 9 Libid-Libor Rates

Cross Rates Key Money Rates Book base rafe London, Milan. Paris and Zwitch, Relays in other centers: New York rates Closings in Amsterdam, London, Milan. Peris and 2 milan, many a return to the color of 4 P.M. and Toronto refers at 3 P.M. at 10 buy one pound: it: To buy one dollar "Units of 10th M.Q.: not quality M.A.: not available. Other Dollar Values Per S 8.07 1.7479 7.4626 44.24 3.55 186.32 5.969 1.7515 Forward Rates 13.4. 278.70 281.90 278.70 281.70 279.10 1,6106 1,4220 1,8162 1.6130 1.4232 1.8190



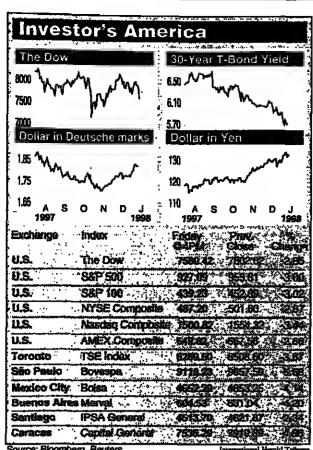


Patricia Wells, the International Herald Tribune's restaurant critic, returns to Asia to bring readers up to date on the Asian table. Beginning January 16th, you can follow her each week as she reports from Shanghai, Singapore, Hong Kong, Bangkok and Chiang Mai, sampling dim sum, devouring spicy crab, visiting cooking schools, grazing sidewalk food stalls and eminent tea houses.

What's new? What's trendy? What's ahead? Read about it on Fridays in the Leisure pages.



THE AMERICAS



Very briefly:

- Canada's unemployment rate has fallen below the 9 percent level, as Statistics Canada said the jobless rate declined to 8.6 percent in December from 9 percent in November as 62,000 jobs were created, all full-time. It was the first time the rate fell below 9 percent since September 1990.
- · Microsoft Corp. Chairman Bill Gates has defended his company's right to add oew features to its Windows operating system in an interview. "Unless we're allowed to enhance Windows, I don't know how to do my job," Mr. Gates said to Business Week. Mr. Gates was commenting oo allegations by federal regulators that Microsoft has broken its 1995 settlement of antitrust charges by making the Internet Explorer browser a component of the Windows 95 system.
- Brazil announced it will create a ocw regulatory organ Jan. 16 to oversee and attract more foreign investment in its oil industry. The new agency, known as the National Oil Agency, will be responsible for awarding concessions for oil ex-ploration and production to Petroleo Brasileiro SA and investor-owned oil companies that compete with it.
- Boston Properties Inc., owned by Mortimer Zuckerman and a Goldman, Sachs & Co. real estate fund, said they had teamed up to buy Boston's landmark Prudential Center office complex for about \$700 millioo from Prudential Insurance Co. of America.

Owens Corning to Lay Off 9,000

Bloomberg News

TOLEDO, Ohio - Owens Corning said Friday it would fire 2,200 people, or 9 percent of its work force, close plants and report 1997 earnings well below expectations because of falling prices in the home-insulation business.

The maker of building materials will set aside \$170 million for the closings and other costs, about \$100 million of it in the fourth quarter. Owens Corning's shares slumped \$1.625 to close at \$32.

Stocks Plummet as Asian Crisis Dashes Profit Hopes

NEW YORK - Stocks plummeted Friday, with the Dow lones industrial average losing more than 220 points, its sharpest drop since the 554-point plunge last October, as concern spread that weak Asian economies would crimp demand for U.S. exports and

turt corporate earnings.

The 30-stock Dow average closed at 7,580.42, down 220.20 points, or 2.85 perceot. Trading was neavy in bringing the Dow's loss so far this year to 328 points. Declining issues outnumbered advancers by a 7-to-2 margin on the New

York Stock Exchange. Broader market indicators also

U.S. Outlook

Lifts Dollar

feil. The Standard & Poor's 500stock index closed at 927.69. down 28.35 points, or 2.97 percent, while the Nasdaq composite index finished at 1,503.19, down 52.35 points, or 3.37 percent.

U.S. stocks are particularly susceptible to troubles in Asia after a three-year raily that saw share prices double, investors said.
"The best of all possible worlds

has been priced into the U.S. market, and we're starting to see a fraying around the edges of that sce-nario," said Alan Sachtleben, chief investment officer for equities at Van Kampen American Capital.

Other analysts said that even recent economic reports showing a flation were not enough to over- be to lower interest rates. come pessimism stemming from the Asian situation.

"The problems in Asia are outweighing some of the positives that

U.S. STOCKS

should boost stocks, like interest rares declining and deflation" in the United States, said Brian Belski, market analyst at Dougherty Summit Securities in Minneapolis.

Bond yields fell to a record low after a government report showed that the U.S. economy added more jobs than expected last month, damping optimism that the Federal

The yield on the benchmark 30-

year Treasury bond was at 5.70 percent, down from 5.74 percent. Bond yields have fallen more than 0.70 percentage point since late October, when plunging currencies and flock to U.S. government securi-

The decline in bond yields did not help stocks, however. The stock market raily of the past three years was fueled by falling interest rates, growing corporate profits and in-dividual investors' appetites for stock mutual funds. Investors value stocks partly based on risk-free gov-

robust U.S. economy with low in- Reserve Board's next move would ernment bond yields. The higher the to pay for stocks.

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This could be the catalyst to go lower," said Robert Dickey, a stock market analyst at Dain Bosworth Inc. in Minneapolis, before the jobs report was released. "Institutions stocks in Asia prompted investors to try to get out of the way of falling anvils, and there are 100 many of them in the market these days.

Oil stocks fell amid concern that demand for energy will weaken as Asia's problems deepen. Chevron. Exxon, Texaco and Mobil all fell.

Adaptec tumbled in heavy trading, making it the most active stock on U.S. markets. The maker of computer products said third-quarter earnings would not meet estimates because of weak North American

Computer shares fell a day after Dell Computer cut prices for corporate personal computers by as much as 15 percent.

While computer companies are benefiting from a drop in the price of Asian-made component parts, the problems in Asia may eventually hurt demand for computers, analysts

The Morgan Stanley High Tech Index was down 19.07, or 4.2 percent, to 426.09 in late trading. Among computer shares, IBM, Dell, Hewlett-Packard, Sun Microsystems and Compaq all declined.

Shares of regional telephone companies, which have minimal exposure to Asia, were a bright spot. Bell Atlantic, Ameritech and US West Communications rose.

(Bloomberg, AP)

AT&T Plays the Local Game By Mike Mills

Against Mark NEW YORK - The U.S. currency rose against the Deutsche mark Friday on reports contrasting U.S. economic vigor with record-

high unemployment in Germany. Bot the dollar fell against the yen as meetings between top U.S. and Japanese finance officials fueled

FOREIGN EXCHANGE

concern that central banks will sell dollars and on speculation Japan will unveil another tax cnt to boost its faltering economy.
The dollar was trading at 4 P.M. at

1.8229 Deutsche marks, compared with 1.8215 DM at the close Thursday. It was at 132.150 yea, compared with 132.695 yen; at 1.4767 Swiss francs, compared with 1.4755 francs, and at 6.0990 French francs, compared with 6.0925 francs.

The pound was at \$1.6127, compared with \$1,6125.

Traders were also responding to news of higher-than-expected December U.S. job creation figures and a slight rise in December unemployment, which hinted that the Federal Reserve Board would not need to raise interest rates to cool an overheating ecocomy.

The yen got a boost after Yoshiro Mori, a senior official of Japan's Liberal Democratic Party, said that the government may have to consider a permanent tax cut to spur consumer spending. Analysts said a 2 trillion yen tax cut proposed last month would not do much to revive the economy.

tic phone networks in 66 local mar-Mashington Post Service

WASHINGTON — AT&T Corp. has made its biggest move yet into the local phone market by agreeing to buy Teleport Communications Group Inc.

The \$11.3 billion deal, agreed Thursday, marks the first major tween AT&T and the cable teleeffort by AT&T's new chairman, C. Michael Armstrong, to revive the company, analysts said.

By acquiring Teleport, AT&T can offer business customers local and long-distance telephone ser-vice, and data and Internet access under its own brand name. It also will be able to cut fees it pays local moves upon taking the job in Ocphone companies for access to tober, after leaving Hughes Elec-

kets across the United States. Its major shareholders include Tele-Communications Inc., Comcast Corp. and Cox Enterprises Inc. The deal will give those cable

companies a collective 10 percent stake in AT&T, which raises new possibilities for cooperation bevision industry. Cable operators, for example, could begin provid-ing AT&T-branded Internet access over their cable lines. AT&T also may one day offer Internetbased telephone service to customers through the cable services.

One of Mr. Armstrong's first customers. Teleport has fiber-op- tronics Corp., was to sell AT&T's ture alliances with cable operators.



tempting to revive AT&T.

stake in Hughes's DirecTV unit, the cable industry's chief direct-broadcast satellite rival. Mr. Armstrong would not comment on possible fu-

Late Shopping Rush Bolsters U.S. Retail Sales

By Jennifer Steinhauer New York Times Service

NEW YORK - In a turnaround from a weak season, U.S. retailers reported strong December sales on Thursday, aided in huge part by shopping that occurred after Christmas.

The Goldman, Sachs & Co. samestore sales index, which compares the results of stores that have been open at least a year, reported that retail sales were up 4.4 percent in. December, compared with a meager 2.9 percent gain in December 1996 and well above the 3 percent gains most retail experts were forecasting. But underscoring the profound

shift in the way America shops, those ot do much to revive strong showings were due almost "Santa came late and stayed for bay Co., a seller (Bloomberg, AP) entirely to the 48 hours before Christ-after Christmas," said Richard furniture items.

mas and the week after Christmas. "Christmas arrived for us between 4 and 5 P.M. on the 23d of December," said Robert Burton, director of investor relations for Kmart Corp. "The last two weeks made the month happen." The discount retailer said that thanks to the week after Christmas, sales in Kmart stores open at least one year

rose 2.9 percent for the season. Interviews with more than a dozen retail executives and analysts made it clear that for the most part, the Christmas selling season that began the day after Thanksgiving was a disappointment — until it ended with a brawny finale as December came to a close.

Baum, an analyst with Goldman,

Dollar General Corp., for example, a discount chain, said that holidaysales gains for the first and second weeks of the selling season were 3.6 percent and 4.1 percent, respectively; for the fourth week, same-store sales leaped 19.8 percent.

More surprisingly, the after-Christmas period, which started on Friday, Dec. 26, when much of the country had the day off, essentially bailed many retailers out of an otherwise miserable performance.

"The week after Christmas was number." said Elaine Crowley, the vice president for finance for Bornbay Co., a seller of home decor and

Indeed, on the Friday after Christmas shoppers raced to the stores in search of half-price wrapping paper and tree ornaments, to redeem gift certificates and to spend their cash

gifts on toys.

"The first couple of weeks of December found us below plan," said Jan Drummond, a Sears, Roebnck & Co. spokeswoman. Bot the few days before the holiday and the final week of the month pushed the chain's gains to a healthy 4.5

The last-minute shopping habits had merchants ripping their hair out really what pulled us up to a positive for the better part of the season. "We are all optimists," said Michael Goldstein, chief executive of Toys 'R' Us. "So you say, 'It is coming at the end.' But we were all nervous."

AMEX U. S. STOCK MARKET DIARY Sales High Low Lailest Cirgo Friday's 4 P.M. Close The 300 most fruded stocks of the day, Dow Jones up to the closing on Wall Street. 我我就我的一年就并不由此也 一個外位 一一年一年一年,年本年期,江西年期的大学年一年的 **AMEX**

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Jul 98 62.65 62.00 62.05 62.12 +4
Apr 90 61.60 66.00 61.01 -1
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Financial
US T BILLS (CMER)
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Sep 98 95.46

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INTERNATIONAL FUTURES

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Thurs open lnf 67,178, up 98

738 70,315 330 157

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Sep 98 122-31 122-10 122-31 + 24 6,125
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3-MANTH EUROMARK (LIFFE)

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Thurs open int 157,423, off 730

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FF200 per index point
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Est. series, 21,990
Open Int.: 54,689 off 27.776

EUROPE

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2,443.56 2,474.75 -1,26

4,236,94 4,347.23 -2.54

3.348.23 3.426.17 -2.27

663.59

5,137.00 5,237.10 -1.91

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17631

3,175.25 3,250.53 -2.32

1,298.21 1,315.59 -1.25

3,893.94 3,934.81 -1.04

2,954.94 -1.19

699.72

-3.16

+0.28



hes Profit Hopes, Toyota Plans Increase In U.K. Engine Output

\$234 Million Investment Salves British Pride

Compiled by Our Staff From Dispatches

Prime Minister Tony Blair of Bri-Friday that Japan's largest antomaker would invest 31 billion yen (\$234.0 million) to expand engine production in northern Wales.

July Jobs at 10yota's Dillion sidiary, Toyota Motor U.K.

"This would help us strengthen Toyota's presence in Britain," Mr. Okuda said. "We would like to purpose the production of the pro

Toyota last month chose France over Britain as the site to build a 4 billion franc (\$655.6 million) auto assembly plant, its second in Europe. Toyota's decision to expand its engine plant in Wales softens the blow to Britain, which had lobbied the company to expand its existing plant in Burnaston, England, rather than build a factory elsewhere.

With the investment announced Friday, production capacity at Toyota's Deeside engine factory

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PAAL DE DE DIE S

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would climb to as many as 400,000 units by 2001, Mr. Okuda said in tain and Toyota Motor Corp.'s pres- Tokyo. It would also create about ident, Hiroshi Okuda, announced 310 jobs at Toyota's British sub-

> sue our policy to produce our cars where we want to sell them. Mr. Blair arrived in Tokyo on

Friday for a five-day visit to discuss bilateral trade and Asia's financial turmoil with Japanese government and business leaders. Toyota's expansion of the Wales plant is the second announced in less than a year. In May, Toyota said it would invest £60 million (\$97.0 mil-

Prime Minister Tony Blair of Britain, left, and Hiroshi Okuda, Toyota's president, sharing the stage at a news conference.

ploys about 170 people, supplies en- Asian ecocomic crisis. ines to a British assembly plant for the Carina E medium-size sedan. Mr. Okuda denied that currency fluctuations influenced the company's decision. Toyota also denied that it decided to make the additional investment because of the

"We are not running away from Toyota's executive vice president, is flagging right now, there will be a time when our sales will pick up."

said. "Even though Asian economy said the departure was not oeces-(AP, Bloomberg) 6,400.

After Losses, Another Exit From UBS

Bloomberg News LONDON - Union Bank of Switzerland said Friday that Hans-Peter Bauer, head of its global fixedincome unit, had left the company. He became the most senior executive to leave UBS in the wake of losses last year in the derivatives market totaling at least 200 million Swiss francs (\$135.9 million).

Mr. Bauer's departure followed the ouster in November of Ramy Goldstein, UBS's head of global equity derivatives, and three of his deputies as the banking company reorganized its derivatives business. Asia to Europe," Akira Yokoi, Mr. Bauer could not be reached for comment, and a UBS spokesman sarily linked to the losses.

UBS is preparing to merge with Swiss Bank Corp. to form United Bank of Switzerland, which would be the world's second-largest bank behind Bank of Tokyo-Mitsnbishi Ltd. The merging banks plan to cut about 6,000 investment-banking jobs worldwide, including 3,000 jobs in London from a total of

venture bid to buy Waterstone's book chain from W.H. Smith Group PLC. EMI, one of the world's top five music companion, and it was having preliminary discussions with "It's not a happy situation," said Peter Thorne, a banking analyst at Paribas Capital Markets.

Officials for both UBS and Swiss Bank said the derivatives losses would have no impact on the decision to merge and that they were well known before the merger was

forged.
UBS said in November that it lost 200 million Swiss francs in derivatives trading in the first half of last year. It would not comment on reports that it might have lost as much as 600 million francs in the second

 PSA Peugeot-Citroen SA said it was negotiating to supply diesel engines to Toyota. Toyota does not produce diesel engines, which are popular in Europe. • The European Commission is to open an investigation into Deutsche Telekom AG's plan to charge customers for switch-

Investor's Europe

DAX

ÖBX

FTSE 100

MISTEL

CAC 40

SX 18

ATX

Very briefly:

Stock Exchange

Copenhagen Stock Market

London

FTSE 100 Index CAC 40

913.80

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642,47

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Frankfurt '

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ing to other telephone companies. A spokesman for Karel Van Miert, the competition commissioner, said, "This type of practice, in Germany or elsewhere, is not acceptable." Bankers Trust said it hired David Barker of ABN-AMRO Hoare Govett as managing director of clieot services with

EMI Group PLC has confirmed it is considering a joint

· Luxembourg's prime minister, Jean-Claude Juncker, said

he was opposed to splitting the first term of the European Central Bank presidency between Wim Duisenberg of the Netherlands

and Jean-Claude Trichet of France. Mr. Juncker, who held the

European Union presidency until Jan. 1, has said he favors Mr. Duisenberg, the candidate also favored hy Germany.

Smith and potential partners, which it did not name.

• The former Volkswagen AG executive, Jose Ignacio Lopez de Arriortua, who was at the center of a fierce industrial espionage battle between VW and General Motors Corp., has suffered serious head injuries in a car crash.

• BankBoston Corp. is shutting its Paris and Frankfurt offices to centralize its European operations io London. *Siemens AG, Germany's largest electronics company plans to ask shareholders for permission to raise up to 3.36

· Adam Opel AG, General Motors Corp.'s German sub-

lion) to double capacity at the plant. The factory, which currently em-Thyssen and Krupp Weigh Plan to Name Pair of CEOs

problem facing the merger of the German steel groups Fried. Krupp AG Hoesch-Krupp and Thyssen AG — a dispute over who would get the top joh — is likely to be solved by appointing two chief executives, company sources said Friday.

Sources confirmed newspaper reports that Gerhard Cromme Krupp's a fight between Mr. Vogel and Mr. Cromme, who led a hostile Krupp takeover bid for Thyssen last year.

But Mr. Vogel's chances were diminished when German prosecutors filed charges in December over allegations that Thyssen charged too much for training workers at a formerly state-owned East German metals company

ports that Gerhard Cromme, Krupp's chief executive, and Ekkehard Schulz, head of Thyssen's steel unit,

would run the merged company. A final decision on the compromise would not be reached until the autumn, when the merger is likely to be concluded, the sources said.

Solving the leadership dispute would remove the biggest obstacle to a merger that would forge two of Germany's oldest industrial titans into the country's fifth-largest company, analysts said.
"The merger looks on," said

Alan Coats, analyst at Merrill Lyncb in London. "If the reports are true, it's amazingly positive. I think the solution of two people will work." The appointment of Mr. Cromme

Friday, Jan. 9

WORLD STOCK MARKETS

FRANKFURT — The thorniest a fight between Mr. Vogel and Mr.

metals company.

The Sueddentsche Zeitung newspaper, which revealed the plan to have two chief executives, said Mr. Vogel would leave Thyssen.

The Krupp and Thyssen merger saga began last March when Krupp shocked Germany's corporate world with a rare hostile takeover attempt, seeking to win control of Thyssen. After mass protests from workers

who said the takeover would destroy jobs the bid was abandoned, the two firms agreed to merge their flat-steel operations and examine further ways of cooperating, a process that culminated in their November announcement that they planned to

Mr. Coats said he did oot believe and Mr. Schulz as chief executives the delays in hammering out merger would be a blow to Dieter Vogel, Thyssen's chief executive. The pects of the merged company.

Not come said the delays in hammering out merger service by 40 percent, to 35 pence. British regulator, said British customers will also be able to gain access to numbers at no cost via the Charge for its in-Chargecard business at a loss and Internet.



Gerhard Cromme, Krupp's CEO, may jointly lead the merged firm.

BT to Raise Charge for Directory Assistance ternational directory inquiries ser- ordered the company to raise its

LONDON — British Telecom-munications PLC sald Friday it would raise charges for its directory percent beginning Feb. 18 to cover the cost of investing in new technology to improve it. Britain's dominant phooe com-

pany said it would raise charges for domestic directory inquiries

vice hy 33 perceot to 80 pence prices. from the current 60 pence.

British Telecom's move is part charge the cost of providing ser-vices rather than subsidizing them

faxes and pagers beginning in 2000.

BT said the service will still be

Paris

responsibility for European financial institutions. BT said it currently incurs a

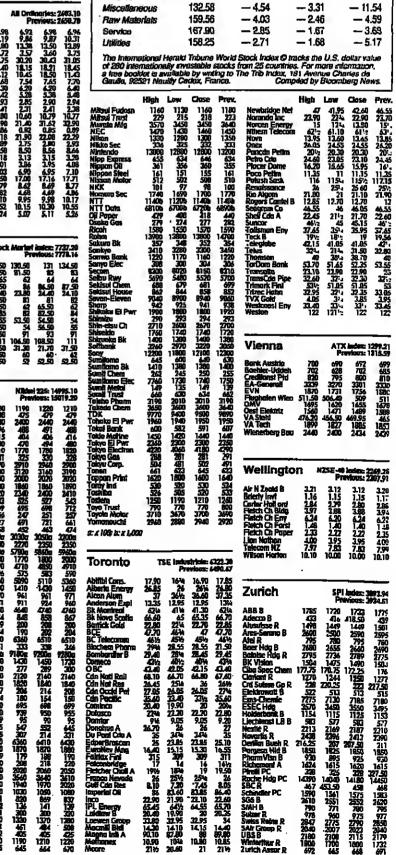
"small loss" by providing directory assistance services by as much as 40 of a shift in the last few years, inquiries service. It said the inpartly in response to regulatory creased investment will allow it to and competitive demands, to list numbers for mobile phones,

with fees from other services. In free from pay phones and for dis-September, for example, Oftel, the abled and hlind customers. It said

billion Deutsche marks (\$1.84 billioo) for acquisitions. sidiary, said it agreed in principle not to lay off workers at its German plants through 2002. Rewers, AFP, Bloomberg The Trib Index N. America S. America - 1.75 Energy Finance Miscelleneous Raw Materials Service Utilides - 3.27 - 2.77 - 4.54 159.56 - 4.03

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ASIA/PACIFIC Fearful Companies Begin Hedging Hong Kong Dollar

other currencies in the region.

As Hong Kong was pulled deeper into the region's financial turmoil Friday, bankers said companies the event of a sudden devaluation. Hong Kong's benchmark stock index fell to its lowest point since May pressure mounted on the Hong

We're more and more concerned," said Hou Bojian, financial controller of Guangdong Investment Ltd., whose businesses include property, hotels and brewing. The company is considering whether to bedge more and, so far, it has not decided what to do, he said.

Guangdong Investment and other Hong Kong companies together owe billions of U.S. dollars to banks

Compiled by Our Staff From Dupatches

Thailand's latest measures to curb

currency speculation to support the

baht will give the market a psy-

chological lift, but success will

hinge on enforcement, analysts and

The new steps were seen as a

dealers said Friday.

foreign-currency earnings

reason why the baht tumbled."

And Lag.

firmly in place, they said.

this former British colony from the month forcurrency swings roiling other Asian ward coneconomies. China, which resumed tract sovereignty last July, insists it will nearly zero; billinn of currency reserves if

Yet the economic cost of keeping 10, 1995, and interest rates surged as the peg - rising interest rates, declining property prices and stocks and slowing economic expansion --keeps growing. Some economists say the Hong Kong dollar would weaken as much as 20 percent if it

> bnying such insurance. Companies typically hedge Hong Kong dollar exposure by buying forward currency contracts or cross-currency

the link to the U.S. dollar. the ceived bility of the Hong Kong dollar peg Pogson said. Exporters and import-

almost identical to the spot, or daily, their efforts to hedge. is about 8.40, or more than 8 percent down 36 percent this year alone above the spot rate. That means a Hong Kong must bear the economic

Hong Kong company wanting to cost of rising rates or bow to market hedge 100 million Hong Kong dol-A rush to hedge against the Hong lars into U.S. dollars would pay Kong dollar is driving up the cost of more than 2 million dollars to do

> transactions to deal with different kinds of currency exposure.

> 'Over the last couple weeks

Volvo Truck Sets

Chinese Venture

20,000 trucks annually.

project, Volvo said.

or cabinet, has approved the

Bloomberg News

STOCKHOLM - Volvn

sell Hong Kong dollars and receive ital markets group at the accounting borrowing costs. Rates are rising Six months ago, the cost of a 12- show them to the accountants for

Hong Kong vows to continue pretty seri-

" Mr. meant 12-month forward rates were ers, in particular, are stepping up As currencies plunge across the

Today, the 12-month forward rate region — the Indonesian rupiah is pressure and sever the peg. Ordinary people are already feeling the pain in this regional bub for finance and trade. Home prices fell 20 percent since October and are still declin-

> Adding to that pain, Hong Kong banks were forced to raise their prime lending rate Friday to 10.25 percent, the highest since June 1991, terest rates.

counterpart breaks, the cost of re- broker that allows the company to nior manager in the international cap- because of the surge in their own because investors are demanding higher and higher returns to hold Hong Kong dollars.

"The environment is very tough and a higher rate is the cost we have to pay," said Andrew Fung, treasare looking urer at Commonwealth Bank of Australia in Hong Kong. "Given the regional crisis, it's likely we're going to live in double-digits."

Given the turmoil sweeping the region, companies that earn money in Hong Kong dollars alone are probably trying to limit their exposure, said William Fung, managing director at Li & Fung & Co. 'If they think there's any chance of a Hong Kong dollar devaluation. they've been doing some hedging,'

Schroder Securities (Asia) Ltd. has issued a report in its clients warning that pressure nn the Hong Kong dollar may grow. The firm said it expects the peg to hold "for the foreseeable future," though "at the cost to Hong Kong of high in-



Very briefly:

 The International Monetary Fund will begin talks with Vietnam next week about providing fresh assistance in the cash-strapped country, even though the Fund quietly cut the flow of money to Vietnam two months ago when the govemment failed to implement promised reforms.

 Daiei Inc. will close five unprofitable stores in a major policy change for Japan's largest chain-store operator, which had refused to shut such outlets.

· Samsung Electronics Co. said it wanted to sell its 38percent stake in Samsung Electronica Portugal Lda., a joint venture with Texas Instruments Inc. in Portugal, as part of its move to cut costs.

 Cambodia has lowered its international long-distance telephone rates by 12 percent, the Ministry of Posts and Telecommunications said.

 Moody's Investors Service Inc. has downgraded the longterm debt ratings of Mitsubishi Motors Corp., from "A3" to "Baa2," citing the company's "deteriorating earnings and weakening debt protection measurements."

 Thailand's rice exports last year were 5.31 million metric tons, about the same as the previous year in volume, but worth 29 percent more in value, as the price in baht was bolstered by a currency devaluation in July, the Commerce Ministry said. India, drawing a lesson from the crisis affecting other Asian

economies, will move carefully on the road to make the rupee convertible on the capital account, but sees no harm in freeing the currency, said Finance Minister P. Chidamburam. Credit Lyonnais Securities Asia Ltd. will cut salaries by

10 percent to 20 percent as Asia's economic crisis has forced stock brokerages in the region to tighten their belts. Canon Inc. has acquired a controlling 51 percent stake in

Tokyo Denshi Sekei KK, a Tokyo-based company that

As Crisis Deepens, Seoul Shop **Moves to Lower-End Goods**

Truck Corp., the truck division of the Swedish carmaker Volvo-AB, said Friday that it would establish a joint venture with Korea's oldest department store, said Friday it would replace racks of China National Heavy Truck expensive Brooks Brothers and Zegna suits with cheaper, domestic Corp. to make and distribute alternatives to cope with the eco-The Chinese State Council,

nomic downtum. "We'll try to lower costs and increase productivity to keep up with declining sales," said Byun Jin Son, a spokesman for Shinsegae De-

founded in 1963 In a country where a job for life was considered the norm until the past year, rising unemployment and a record number of bankruptcies are forcing retailers such as Shinsegae

to take dramatic steps to survive. Its \$2,000 Zegna suits were replaced with Beanpole brand casual wear that is produced domestically and sells for less than \$100.

Shinsegae also will eliminate parttime positions and will no longer hire student employees, Mr. Soo said. Those workers account for as much

Shinsegae has also slashed prices. SEOUL - Shinsegae, South as much as 40 percent for some

Still, with retail sales at the company's six department stores down 20 percent last year and the economy likely to contract this year, Shin segae is facing bleak prospects. 'Retail in Korea used to be a sellers' market," said Greta Pak, a

retail-industry analyst for ING Bar-

ings in Seoul, "Now it's more and

partment Store Co., which was more of a buyers' market." She predicted that the industry's volume could shrink by one-third when the currency and inflation rates were taken into account. The downturn will also throttle long-term growth, as borrowing costs soar. While Shinsegae plans to

open one new full-service department store in 1998, it shelved plans for four more outlets until at least after 2000.

Shinsegae is not alone in trying to lure in customers by offering cheaper wares. Another high-end department chain, Midopa Co., has allocated more space in its stores for low-profit-margin items, such as

ately buoy the baht. The dollar continued to rise against the baht, climb-ing to 54.05 baht on Friday from mercial banks, and more documenspecializes in printer-related technologies. Tarrin Nimmanahaeminda said reas 20 percent of the company's cently that some banks and compa-3,000-employee staff. At the same United Engineers Malaysia Bhd. is expected to announce food and electronics. It is scaling that it may sell a 32.6-percent stake in its parent company, back expensive items, such as clothtime, Shinsegae will cut inventory, 52.65 baht on Thursday. Since July, when Thailand allowed the currency nies had bought dollars from the tation will be required for many central bank to speculate against the seeking to pare the financing costs foreign-exchange transactions. (Reuters, Bloomberg) for merchandise waiting to be sold. The move is the latest in a series to move freely, setting off a string of Bloomberg, AFP, Reuters www.europe.cnn.co STRIBATE PINNACLE EUROPE, 21.30 CET +++JORMA OLLILA+++ The man that rescued Notice from financial thin ice and made it the 2nd targest relecommunications A case make it the 2nd largest telecommunications commany in the world. This Sunday Jorma cilita talks freely about the tough past, fruitful present and his visions for highly and that of the telecoms industry. On Cable and Satellite (All times listed are CET)

> 21.00 World News 30 minutes of updated global news coverage including financial headlines, sports, weather and feature highlights.

> > Pinnacle Europe Every Sunday, we meet Europe's top business leaders to find out what drives them, how they run their professional and personal lives and their

secrets for success. ANDERSEN CONSULTING

22.00 World News



HONG KONG — Hong Kong paying that debt will surge.

Thai Curbs on Speculation

Give Short-Term Comfort

BANGKOK - The Bank of currency has lost half its value.

U.S. dollar, may soon buckle like dollar. That link has helped insulate were trying to limit their exposure in defend the peg with its own \$140

were allowed to move freely.

interest rate swaps.

devaluations across Asia, the Thai

baht speculation, penalties for for-eign-exchange trading violations will

be raised and each retail dollar-buy-

ing transaction under \$5,000 from

commercial banks will be checked.

Surveys of foreign-exchange

Under the new measures to curb

was

exchange rate.

Banks also devise more complex

and bondholders. If the Hong Kong dollar's 14-year link to its American pany buys a contract from a bank or structures," said Keith Pogson, a se-

transactions by commercial banks "It's a 50-50 venture with an short-term solution producing posexplicit management responsiitive results only if longer-term will also be conducted to keep speculation in the Thai unit under check, bility for Volvo," said Stefan solutions like sound macroeconomic policies and efforts to generate the central bank said. Lorentzson, a spokesman for 'The Bank of Thailand will look Volvo Trucks. into every foreign-exchange trans-The joint venture, which will Speculation is partly to olame action to ensure that every transachave its beadquarters in Jinan. for the plunge of the baht," a senior tion has an underlying justification in Shangdong Province, is exforeign banker said. "Tough action and evidence to discourage commerpected to start production at the on it would send a good message to cial banks from doing deals without the market." cial banks from doing deals without underlying business," the bank said. end of 1999, Mr. Lorentzson But, he said, "there are debt ob-The central bank added that it would conduct random on-site inligations to meet and bills to pay and spections by sending its officials to of attempts to keep Thais from the money is flowing out of the counhoarding dollars as the baht tumbles. try and this region. That's the main commercial hanks. Any bank found to be hoarding or violating rules will Many companies are rushing to buy have its trading rights suspended. Central bank officials will be pos-The measures failed to immedidollars so they can repay debts in other currencies. Finance Minister

U.S. Regulators May Demand Riskier Classification of Loans to Korea

By Steven Pearlstein Washington Post Service

WASHINGTON - Although the Clinton administration has been quietly urging U.S. banks to extend their loans to South Korea, bank regplators said this week that the banks may have to set aside additional funds to reflect the added risk that the loans may not be repaid.

"As the rollovers occur, we would expect the

banks to reassess the risks and take the appropriate "Reserves," said Susan Phillips, the Federal Reserve "Board governor in charge of bank supervision.

The issue of how to classify their Asian loans is a particularly sensitive one for U.S. banks as they try to hammer out a plan with the Seoul government for restructuring \$15 hillion to \$20 hillion in ontstanding loans to South Korea, most of them to Korean hanks.

If the U.S. banks are required to reclassify their South Korean loans as riskier, then they may have to take additional charges that could affect their quarterly profit and the price of their to continue to classify their South Korean bank

Bankers Trust New York Corp. All three de- senior federal bank official. clined to comment this week on the question of the classification of their Korean loans.

As part of the plan now under consideration. these and other foreign banks would swap some of their outstanding Korean loans for South Korean government bonds while receiving Seoul government guarantees on the loans they coo-tinued to hold. The banks would also agree to extend the terms of the loans in exchange for igher interest rates.

How bank regulators would classify those restructured loans is still unclear. All such discussions between the regulators and bankers are conducted secretly, and poblished regulations give both the banks and government officials wide cretion in categorizing the riskiness of loans.

But contrary to some receot press reports, top regulators said this week that they had given no blanket assurances that the banks would be able loans as relatively riskless.

In particular, Ms. Phillips of the Fed said that if interest rates on the restructured loans were to increase dramatically, that would constitute an unamhiguous signal from the marketplace that

the loans were more risky.

Ms. Phillips also said a promise by the South Korean government to guarantee repayment of the loans would not necessarily guarantee that the loans should be treated as low-risk, but would have to be evaluated in the context of the country's overall ability to meet its foreign debts as the crisis in Asia cootinues to unfold.

"If those economic conditions crode, we would encourage the banks to reassess on an ongoing basis," Ms. Phillips said.
U.S. banks are supervised both by the Fed.

which is the lead regulator of state-chartered banks, and the Office of the Comptroller of the Currency, which oversees nationally chartered banks. Comparoller officials declined to comment on the South Korean loan situation.

John Makin, an economist at the American The banks include some of the nation's "We have oot given them any guidance" on John Makin, an economist at the American biggest, such as Citicorp, J. P. Morgan & Co. and how any restructuring would be handled, said one Enterprise Institute who has studied past debt crises, said it would be "the height of hypocrisy" for regulators to allow the banks to treat their restructured South Korean loans as anything but

highly risky.
Mr. Makin ooted that Treasury Secretary Robert Ruhin had publicly chastised Japanese officials for allowing their banks to hide the full extent of their bad loans — a policy that has helped to cripple the Japanese economy. But Mr.

Makin fears that U.S. regulators are prepared to do the same thing here out of excess concern for restoring faith in the global banking system.

To a degree, the disagreement about how to classify the Korean loans reflects a deeper dis-

pute about the extent of South Korea's prob-Mr. Ruhin and other Treasury officials believe that the South Korean economy is basically sound and that what it suffers from oow is a temporary shortage of foreign capital caused by the sudden - and irrational - decision by

out of the country. That panic has temporarily left' South Korean banks unable to repay their foreign

But Mr. Makin and other economists argued that years of mismanagement of the economy have left South Korea with too many businesses that are fundamentally not viable and unable to repay their loans to South Korean as well as foreign banks.

Rather than being a short-term liquidity crisis, be says. South Korea is now experiencing a widespread credit crisis that will not go away until investors and lenders acknowledge their past mistakes and take their losses.

One complicating factor in this case is that if U.S. banks were to write off any portion of their South Korean loans, they would put pressure on Japanese banks - which have much greater exposure in Korea - to do the same. And because Japanese banks are already in such a precarious situation, that could worsen the financial problems in a far larger economy, one with far more complex interrelationships with the U.S. foreign investors and lenders to pull their mooey

Suharto Faces Rising Calls to Resign Amid Signs of Panic

By Keith B. Richburg Washington Post Service

HONG KONG - The political and economic uncertainty in Indonesia brought more panic-huying Friday in -Jakarta's stores, and new calls for President Suharto to resign.

Jakarta, the Indonesian capital, was

reported calm despite early runs on stores by thousands of jittery residents trying to stock up oo rice, milk and cooking oil.

Indonesian television on Friday showed footage of warehouses stocked with rice and supplies in an effort to stave off panic and stem the crisis-hny-ing, but the effort did not appear to have worked, with people lining up even be-fore the stores opened in the morning.

Meanwhile, the country's powerful armed forces were placed on a low-level

state of alert to deal with any possible civil unrest.

Residents said they saw increased military patrols on the capital's streets Friday, but few other signs of the heightened state of readiness.

The mood oo the streets was reported to be less panicked than Thursday, when the currency, the rupiah, took a dramatic plunge to 10,000 to the dollar, prompting a spate of rumors about Mr. Suharto's health and a possible army coup. On Friday, the currency rebouned to a close of 8,150, reflecting what ana-lysts said was a brief spell of short-term relief that the IMF was still willing to negotiate with Indonesia to rescue a \$43 billion bailout package that is in danger of falling apart.

Eveo as the crisis atmosphere in ·Jakarta abated somewhat, the country remains in the grips of political uncertainty, with renewed questions about the health and vigor of the 76-year-old president, and bold new public demands for him to step aside.

The English-language Jakarta Post on Friday ran an unusual froot-page article quoting a former cabinet minister and a political scientist both calling for a change in leadership, with the latter -mincing no words in calling oo Mr. Suharto to resign.

"We need a president who is in good health," said the political scientist, Arbi Sanit. "Because we are facing a serious economic problem, the new president must have a good reputation and credibility, be well-experienced in the government system, be widely supported by the people and capable of mending the country's political and economic sys-

The quotes in the widely influential paper Friday follow similar calls for the president to step down from retired generals, politicians and a Muslim cleric. Such open dissent is highly unusual in what has long been an authoritarian, rightly controlled society, and is being taken by analysts as yet another sign that after more than 30 years in power - and facing the prospect of another five-yearterm beginning in March - Mr. Suharto's once unquestioned grip on

power may finally be unraveling. Mr. Suharto has not said whether he would seek a new term, but until now had been widely expected to do so. One problem, say longtime Indonesia wntchers, is that over 30 years in power, Mr. Suharto has never groomed a successor, and if he does abruptly quit, the most likely scenario would be a direct military takeover.

Under the Indonesian Constitution. the vice president would take over if Mr. Suharto were to die or resign before the end of his term. But the current vice president, Try Sutrisno, is not considered a forceful leader.

The commander of the armed forces. Feisal Tanjung, has pledged support for the government and vowed to deal with any unrest in the lead-up to the National Assembly vote in March that will reappoint Mr. Suharto. But Jakarta has been rife with speculation that the price for the army's support is the right to place a top army man as Mr. Suharto's vice president and presumed suc-

cessor. The worst-case scenario, say analysts, would be for the president to be-come ill or incapacitated while in office, meaning that only his close family members - most with their own business interests surviving on government largesse - would have access to him. The family members would then have posed edicts or directions from the president. the freedom to act according to sup-



A shopper in a Jakarta supermarket standing before empty shelves Friday, as panic-buying swept the capital.

ASIA: Clinton and IMF Bring Relief to Jakarta, but Dow Plunges

Continued from Page 1

officials to ensure adequate supplies of rice and other staples. The military said the situation was under control and warned that it would take "repressive" measures against anyone attempting to create disturbances.

Analysts said that a strengthening of confidence in the battered Indonesian currency and economy depended on the Suharto government convincing separate teams of senior U.S. and IMF officials, who will arrive in Indonesia early next week, that Jakarta is prepared to take tougher economic measures than those ontlined Tuesday in the country's

annual budget for 1998-99. Provided those talks reach a satisfactory conclusion, some economists and bankers said they expected U.S. monetary authorities and the IMF to help convince American, European and Japanese banks to roll over hillions of dollars in short-term debt owed by In-

donesian companies. The companies cannot repay the money because, even after Friday's partial rebound in Asia, the rupiah was still worth about 65 percent less against the dollar than when the East Asian cur-

rency collapse began in July. Analysts said that Thailand was also likely to get a similar debt-management deal to the one proposed for Indonesia, which would convert short-term private sector debt into long-term loans to give the region's most troubled economies a

better chance to recover. The United States and the IMF recently hrokered the first stage of such an agreement for heavily indebted South Korea after telling foreign banks that new loans from international financial institutions and governments to forestall a default would not be forthcoming

unless they agreed to the rollover. Ajay Kapur, regional strategist in the Hong Kong office of UBS Securides Pre Ltd., a unit of the Union Bank of Switzerland financial services group, said that the implication of the highlevel U.S. and IMF intervention in the Southeast Asian financial crisis on Friday was that "Indonesia and Thailand both need a Korea-type solution."

The rescue loans totaling nearly \$130 hillion arranged for Indonesia, Thailand and South Korea by the IMF since August can be used to buttress depleted foreign exchange reserves, but not to bail out the private sector, which is responsible for most of the foreign debts

of the three countries. The IMF's first deputy managing director, Stanley Fischer, who is due in Jakarta on Sunday ahead of the fund's managing director, Michel Camdessus, on Wednesday, said that he now considered Indonesia's economy "more

worrisome" than South Korea's. According to official figures, Indonesia's debt amounts to \$133 billion. About 65 percent is owed by the private sector and most is due to be repaid this year.

fined the company for conducting unauthorized business in Vietnam without a permit. In addition, Peregrine's man-

The precipitous fall in the value of the rupiah in recent days sparked concerns in the United States and elsewhere about an Indonesian debt default that could spread to Thailand, hurt the fragile Japanese banking system and unravel the just-concluded agreement by international bankers to rollover the most immediate of South Korea's short-term

shing, a key backer of Peregrine's co-founder, Philip Tose.

In early 1994, the firm hired away the debts for 90 days.
"If your credit is squeezed on one side, you are not going to roll over the

debt for another country," a European Suharto for 20 minutes and "underscored

banker told Agence France-Presse, referring to a possible Indonesian default. 'So, you can imagine what will happen to Sooth Korea and Thailand."

State Secretary Murdiono of Indonesia said that during the telephooe cooversation with Mr. Clinton, Mr. Suharto had given an assurance that be was "determined to implement seriously our program, which has been supported by the IMF."

This was seen as a significant shift by Mr. Suharto after he presented an expansionary budget oo Tuesday that failed to conform with a number of the key reform and austerity measures required by the IMF as a coodition of the \$40 billion loan package to Indonesia.

The measures included deep cuts in

government spending, tight monetary policy and a systematic cleanup of the indonesian banking sector.

In an apparent gesture of sincerity, the Indonesian military said on Friday that to save the government money, it planned to delay the purchase of 12 Russian Su-30K fighters, estimated to be worth more than \$400 million. Jakarta decided to hny the Russian

planes in August after it canceled a deal to buy nine U.S. F-16 jets following criticism in the U.S. Congress of Indonesia's human rights record.

In Washington, a senior administration

the importance of Indooesia within the region and to the United States," while also making it "quite clear that the IMF program needs to be followed."

Michael McCurry, the White House spokesman, said Mr. Clinton was sending Deputy Treasury Secretary Lawrence Summers to Indonesia, Thailand and other Asian countries to spell out the administration's position on the regioo's economic crisis and seek the views of Asian leaders. The goal of the trip was to oegotiate a "streogthening and acceleratioo' of Indonesia's \$43 billioo international bailout.

Mr. Summers said that it would be "crucial for Indonesia to carry through on policy commitments that it has made in the cootext of the IMF program, particularly with regard to measures to reform and clean up the financial system. to adjust monetary policy and to control public infrastructure spending." Critics have charged that Mr. Subarto

does not want to implement some of the most painful IMF reforms because they could cause social and political unrest ahead of presidential elections in March and hurt the extensive husiness interests of his relatives and friends.

Mr. Suharto, 76, has not said whether he will run for a seventh five-year term, bot be is widely expected to do so despite his age, doubts about his health, official, who asked not to be identified, and increasing calls from critics for him said that Mr. Clinton had spoken to Mr. to make way for a younger successor.

CRISIS: G-7 Fears Default by Indonesia

Continued from Page 1

expected to arrive early next week Mr. Summers is to leave Washington on Saturday, and is expected to rein-force the message already delivered by President Bill Clinton, who telephoned Mr. Suharto on Thursday to express U.S. willingness to expand its financial assistance to Indonesia provided the government there took immediate ac-

Top U.S. and European financial of-ficials, along with IMF and World Bank executives, have been holding roundthe-clock consultations over the past 48

They are in agreement that if the Indonesian crisis is to be resolved, Mr. Suharto must accept the need to put the IMF's program into effect, while also providing a clear signal that he has chosen a designated successor.

This could be achieved, the officials say, if Mr. Suharto were to name a vicepresidential running mate before the

Continued from Page 9

aging director for Vietnam, Nguyen

Trung Truc, was arrested in Hanoi last

truly pan-Asian investment bank. Per-

egrine prospered by being handed the

bulk of the juicy underwriting husiness

of the Hong Kong billionaire Li Ka-

While it made money, its detractors -

March on tax-evasion charges.

elections scheduled for March.

The lack of a clear policy statement by Mr. Suharto thus far was described by officials as a political problem with nancial ramifications. .

Aside from the debt problem, the other major concern shared by Washington, the IMF and its European allies was the degree of depreciation of the rupiah, and the spillover effect this was having on its neighbors in Asia.

"The Indonesian problem cannot be solved unilaterally either by an enhanced international rescue package or by credit arrangements by international banks," said Mr. Malloch-Brown, the World Bank official. "We need a third party to the efforts and that is a demonstrated commitment to reform by the

"The other two legs — an official bailout or any arrangement the commercial banks may enter into - will not be enough unless the markets see a credible reform commitment," he ad-

PEREGRINE: Zurich Backs Away From Bid for Stake in Bank

fixed-income department at Lehman

Brothers in Hong Kong, promising to help create a local bond market, a move

Andrea Lee, the head of Peregrine's

fixed-income unit, called "Business for

Asia to finance Asia." In little more than

two years, the bond-sales unit's staff of

fewer than 20 grew to more than 200.

costly this year, because Peregrine spe-

cialized in local-currency bonds. As

currencies such as the Indonesian rupiah

have lost more than half their value in

the last year, the value of bonds de-

nominated in rupiah and sitting in Per-

egrine's inventory plunged.

TALKS: Who Is Regulating the World?

Continued from Page 9

another country that they represent a barrier to imports, according to trade experts. There are few legal precedents. More and more standards are likely to be set in such global forums.

The same week as the Geneva meet-The same week as the Geneva meeting, 70 corporate leaders from the United States and Europe gathered at the Excelsior Hotel in Rome. They drafted plans for streamlined government regulation of many industries, like chemicals and agribusiness, and acted at the behest of their respective governments. The group, the Trans-Atlantic Business Dialogue, was conceived in December 1994 by Commerce Secretary Ron Brown. In November 1995, six months before his death in a plane crash. months before his death in a plane crash, Mr. Brown attended the group's first

meeting, in Spain.
"We should put the business 'horse' before the government 'cart,' 'he told the group. The husiness leaders recom-mended that their governments create common regulations, a plan adopted by Mr. Clinton and European leaders at the end of 1995. The industrialists also called for commoo auto safety regulations through a United Nations committee - the same committee that met last November in Geneva.

But the emphasis on business first bothers negotiators like Ricardo Martinez, the U.S. auto safety czar, who was at both the Geneva and Rome meetings. Mr. Martinez, the head of the National Highway Traffic Safety Administration in Washington, thinks global regulation can be helpful to both industry and consumers. But be is concerned that the Trans-Atlantic Business Dialogue and. U.S. automakers put too much emphasis on knocking down trade barriers rather

than raising safety standards. "I have great concerns that the perspective is not broad enough to respect the real issues of safety and health, "Mr. Martinez said in a recent interview in Kome. The dialogue very much one-way.

Mr. Martinez, 42, took office in 1994 with an unusual background for a regulator. Before he joined the National Highway Traffic Safety Administration, he was an emergency-care physician who attended to the victims of motor vehicle accidents, the leading cause of death for Americans under the age of 44.

From the outset, Mr. Martinez had concerns about a lack of openness. In April 1996, he attended an industry conference in Washington where auto executives asked governments in Europe and the United States to follow their detailed road map to common international regulations.

That conference was not open to the public, either. Mr. Martinez, who was invited to attend, told the group he was sympathetic to their goals, provided there was no degradation of safety and more public involvement.

Over the next few months National Highway Traffic Safety Administration officials and auto executives listened to consumer and safety advocates. The agency held a public hearing, but by then an agreement for Geneva was already drafted.

Safety advocates, used to playing a significant role in federal rule-making, complained of being left out of the early

"Only when the train was well down the track were the groups brought into the process, after there had been closed-door discussions between governments and automakers and the momentum toward an international agreement was clearly established," said Mr. Snyder, a safety advocate who works with a group of American insurers. By contrast, consumer groups and ordinary Americans weigh in loudly on a variety of safety issues in the United States, both at public hearings and through the public comment periods that are mandated before any new regulation is approved.

Mr. Sayder cites the recent dispute over air bag safety for children as a vivid example of the critical role advocacy groups play in shaping regulations. In response, the carmakers say that

Hundreds of Indonesian and other

Eager for financial support, Peregrine

Asian companies have borrowed dollars

announced late last year that Zurich

would take a 24.1 percent stake in the

company, but would still get a veto over

after it emerged that Peregrine was

owed as much as \$270 million by

Steady Safe, a small taxi and bus com-

pany in Indonesia with links to a com-

pany controlled by the eldest daughter

of President Suharto. That debt alone

amounted to almost one-third of Per-

egrine's total shareholder funds.

That deal began to unravel this week,

major board decisions.

but have revenue in local currency.

promotioo of trade hy governments can improve, not lower, safety standards.
"International trade is significant to the nation, it can advance safety by creating more opportunities" for countries to create a "best practice." said Vann Wilber of the American Automobile

Manufacturers Association. It is not easy to combine European and U.S. standards: Europe has higher standards in some areas and lower in others. American cormakers certify their own products, while governments perform that job in Europe. European regulators say the United States is asking for too much control over the process.

They complain that Washington, while pushing for more openness, is leading a charge to intimately involve Detroit in the process. French officials "don't accept that businessmen can sit down and set policy," a regulator said.

Mr. Martinez flew to Geneva last.

November carrying Washington's draft agreement concerning the establishing of global technical regulations for vehicles, engines and components, which called for the achievement of "high levels of safety" as well as the reduction of "technical barriers to international trade." It had been revised to address some, but not all, of the concerns of safety advocates.

For some, its twin goals of safety and trade can conflict. Mr. Snyder, the insurance lawyer, criticized the agreement for not calling for the 'highest attainable levels of safety," a point Mr. Martinez called "constructive."

But Ms. Stern, who serves as a member of Mr. Clintoo's Advisory Com-mittee on Trade Policy and Negotiations, sees no inherent conflict.

Indeed, she questioned the role played by consumer advocates in the United States. In congressional testimony last September, she cited various 'obstacles' to regulatory reform, including "strong grass-roots citizens or-ganizations and their congressional champions, who achieved legislation that "give ample time for comment, input and representation by any interested party but also have the effect of retarding or eveo blocking regulatory change.

By moving some rule-making to an international setting, Ms. Stern added, corporations on both sides of the Atlantic "have become a chorus to their individual governments, so the governments can't run and hide and use many of the excuses governments typically resort to." In fact, business is not just the chorus,

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hut often plays a starring role. In December 1996, as Mr. Clintoo and European Union leaders announced a deal to begin recognizing each other's regulatory systems in several product areas, he thanked "the Trans-Atlantic Business Dialogue for their leadership in achieving these agreements."

Then, Mr. Clinton responded to a

question about the agreement hy turning to Dana Mead, chairman of Tenneco Inc. and the co-chairman of the Trans-Atlantic Business Dialogue. It was Mr. Mead, not the president, who answered

Malaysia Official **Invites IMF Chief** To Visit for Talks

Bloomberg News KUALA LUMPUR — Finance Minister Anwar Ibrahim said Friday that he had asked Michel Camdessus, managing director of the International Monetary Fund, to visit Malaysia next week for talks.

Mr. Anwar said Malaysia was oot joining Thailand, South Korea and Indonesia in seeking help from the IMF to shore up its financial system. The discussions would be only "consultative," he told re-porters without elaborating.

Officials at the Fund's regional office in Tokyo were not available for comment

Mr. Anwar's comments come at the end of a week in which Asian curreccies have slumped as investors scrambled to buy dollars on concern that companies will not be able to pay their foreign debts. Malaysia's currency, the ringgit, has lost 16.4 percent of its value this year, after losing 35 percent in

But Malaysia posted a higger-than-expected trade surplus of 700 million ringgit (\$148.8 million) in November, swinging from a trade deficit a month earlier, as the weak ringgit boosted exports, the state press agency Bernama reported

While it made money, its detractors Flashy cars and giant payrolls aside, grumbled that rather than becoming a the fixed-income husiness proved

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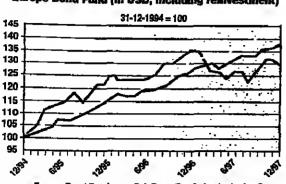
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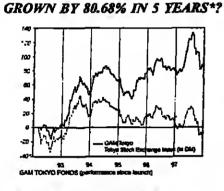
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PIMCO Stocks PLUS Series*	S&P 500 Index	36,28%	72.73%
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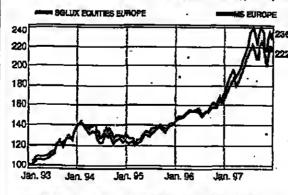


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Gil McWilliam: Brands only have value if they solve a problem for clients.

Cachet Management And Mismanagement

Handling of Famous Name Is Key to Its Value

Q. In which industries is it bard to

A. It is hard to gauge a brand's value

take advantage of a brand name and

in any industry. Brands only have value

if they solve a problem for their cus-

tomer. Sometimes that value is about

reducing risk by providing guarantees

of consistency or functioning, some-times about self-expression and choos-

ing between certain images, sometimes

about hedonic qualities. Above all they

tovolve choice, and that means the cus-

tomer has to be able to discriminate

between competitive offerings. If there

is no differentiation, there can be no

discrimination, and customers will buy

to market exposure and peer pressure, hut with luxury goods, more is better up

to a point, then more is worse. How should this basic distinction be factored

in when judging the worth of a hrand?

A. Again, it's a question of good management and brand husbandry. If

you have spread your brand over 400

products, it is very difficult to manage or police the quality of all of these products. So you get tacky products with your name on them, and you will

suffer accordingly. This is what has happened to the Pierre Cardin name.

worthwhile for investors to take a

chance that a turnaround will succeed?

Look at Brylcreem. As a strategy, it will

succeed only if there is total coherence

about the elements of the strategy -- the

marketing mix of product, price, dis-

tribution and promotion - and some-

times you need time, too. Investors

aren't notoriously given to patience, hut if you can convince yourself that all the elements are right and in place, then

time may be all the company requires.

A. Brand rejuvenation can happen.

O. Once a brand loses its cachet, what can be done to resurrect it, and when is it

hard to gauge a brand's value?

IL MCWILLIAM is a professor of marketing at London Busi-ness School and has been a consultant to communications and marketing companies in Europe, advising on brand development and strategy. She spoke with Conrad de Aenlle about lessons for investors in how companies manageand mismanage-their brands.

Q. Shares in cotopanies that own some of the most famous luxury and mass-market brands have fallen sharply. Does a famous name no longer have the cachet it used to?

A. The fashion-house brands which are in trouble at the moment are partly caught in a piece of pessimism about future revenues. They will all shout that the stock market doesn't understand longterm investment in brands and requires short-term profits. This might be true, but il is not really much different for them, compared with other branded companies. I don't think it has anything to do with losing cachet. I think it's to do with confidence in their management structures and confidence in revenue streams

at times of economic quivering. Q. The perceived importance of brands seems to go in cycles. The last bottom was in 1992, when Philip Morris Cos. cut prices on Marlboro cigarettes. Does the recent share-price decline mark a top in the cycle?

A. I don't agree with the underlying assumption. Brands have been important for an awfully long time. By drawing the attention of the stock markets around the world to the importance of brands, companies also drew their attention to how well they were being managed. Companies can and do get it wrong. The share price tends to suffer in the short term, but if they are strong brands with strong management, then it will recover. Look at Coke.

Q. Which would worry you more as an investor, when earnings fall due to economic circumstances, such as the Asian turmoil, or to problems specific to the way a company manages its brands? A. I'd always worry about the way the

brands and companies are managed. Q. Some retailers, such as Tesco PLC in Britsin and Sephora in France, are cutting prices on prestige brands and stocking them on shelves as if they were Brand X, to the consternation of manufacturers. How can the owner of a brand maintain its value in such an environment?

A. Some manufacturers have a good handle on this since they are either buying into retail or they are consciously searching for new forms of distribution to complement that which they already have. For example, Sephora was bought by LVMH recently. LVMH already owns 65 percent of DFS, which owns 180 retail outlets in Asia. Il also has an Eastern European pharmacy chain in its portfolio of companies. Similarly, L'Oreal took full control of Cosmair, its U.S. distribution arm. An alternative strategy would be that of Chanel. In a September statement, they spoke of a plan to open their first free-standing fragrance and cosmetics store in spring 1998 on the Rue Royale in Paris.

Q. How important is it for managers to update either their brands' images or the brands themselves? It does not always work, Remember New Coke?

A. There is always a tension between innovation and maintaining consistency. The trick is to know what to change when. Arguably that which should be rarely changed is the vision of the brand and what il stands for. This can be changed, but it should be done rarely, and with care and time. Advertising execution can change every year, although perhaps the advertising strategy will not. Packaging also requires regular updating, but not so frequently if there are elements which are fundamental to brand identity, such as the Coke or Perrier bottle. Logos change, in often very subtle ways over time, too.

By Conrad de Aenlle THY DOES A PAIR of Nike

sneakers cost more than a no-name pair made similarly and with the same materials? Why are consumers willing to pay about twice as much for a can of Coke as for the generic stuff beside it on the shelf? Or Levi's jeans, a Cartier watch or a Dior dress - what makes them worth more than their no-name

equivalents? It is because their brands - the reputation for quality, style and reliability are judged to be superior by consumers. A strong brand allows its owner to expand market share, command higher prices and generate stronger financial results than competitors. That makes it important for investors to be able to gange the value of brands and whether they will rise or fall.

The mix of often intangible characteristics that form a brand image matters little to stock-market analysts. To them, a brand is worth only as much as what flows through to shareholders.

"A brand should allow you to main-

tain a certain amount of pricing premium and consumer interest that should be beneficial to the sales and margin growth that entity should generate," said Cedric Magnelia, who follows makers of luxury goods for Credit Suisse First Bostoo. Look at Rolex watches, he said.

That brand is able to generate a certain amount of unit growth per an-num that a generic watch wouldn't be able to generate," he added.

Such analytical reductionism does not explain how companies achieve their growth, what propels some brands ahead of others and why some popular brands fade, he conceded.

"Brand management is difficult to quantify," Mr. Magnelia said. "It's merchandising, distribution, advertis-ing and promotion, competitive barriers

For luxury-goods makers, the key is to balance growth with the need to maintain a sense of exclusivity. The ones that do that best, Mr. Magnelia said, are Gucci, Chanel and the Versace and Ralph Lauren conture lines.

brand management was Gucci in the 1980s, he said, when "excessive distribution and loose licensing agreements virtually destroyed the brand."

on price and availability and brands have no role to play.

Q. The cachet of mass-market brands Mr. Magnelia has bny recommendations on Gucci Group NV and on

maker. He has lukewarm hold ratings on Bulgari SpA, Christian Dior SA and its affiliate, LVMH Moet Hennessy Louis Vuitton SA, Clarins SA and Hermes

International SA.

The delicacy needed to manage luxury brands is not necessary in the food and drink business. The more sales, the better. In fact, because of the nature of the products and the economics of the

industry, more sales are vital. "There are no usage limitations on soft drinks; other consumer products. like razor hlades or toothpaste. are used once or twice daily,"

said Yves Cochez, manager of

BBL Invest Food & Bever-

ages, a fund run by Banque Bruxelles Lambert of Belgium. "Volume is very important because the additional cost of producing those

Because there is little variation in the cost of making different brands of the same item, the higher prices that stronger brands command will show up

conspicuously on the bottom line. Coca-Cola is the strongest beverage

brand because it has "a single-product focus and is a dominant market player all over the world," Mr. Cochez said. Another key is its bottling and distri-hution network, because "only those brands that can effectively be distributed will be able to grow volume and per-capita consumption levels," he added. "No other company connects with the global consumer as well as Coca-

By contrast, he said, Cadhury Schweppes PLC's Dr. Pepper and 7-Up lines suffer from minimal brand awareness and advertising support, and, because they are distributed through Coke and Pepsi-Cola bottlers, have little priMr. Cochez is high on the prospects of Coca-Cola Co. and its rival PepsiCo Inc. because the two have the huge market virtually to themselves.

What's in a Name? A Solid Buy for Investors

Despite the Brand-Making Mystique, the Tangible Trademark Is Strong Financial Returns

"We are positive on the outlook for the global soft-drink business," he said. "Other consumer-product industries are not as favorable because [there are] more local-market compeniors. In opposition to the beer market, soft-drink companies can really have a global approach because of the industry's shorter history, less powerful local hrands and minimal differences in local

product tastes." Other companies he likes include Nestle SA, which he said has "superior funda-

mentals hut lower valuation, compared to its international peers," and Unilever PLC, "one of the European businesses, which has huilt a sustainable competitive advantage and looks capable of higher returns." He also owns Campbell Soup Co. and Sara Lee Corp. and he recently sold

Two factors that augment the value of brands in any industry are solid management and market leadership.

Brand meanings are created, developed and maintained by good management; they rarely just happen," said Gil McWilliam, a professor of mar-keting at London Business School. Brand management is no different from good management in general. The hrand is the summation of all [of a company's] activity, the visible bit of

There are exceptions. Some wellknown and respected brands belong to some of the worst-run companies: South Korea's industrial conglomerates.

These chaebol, egged on hy a government keen to foster national cham-

pions in the global marketplace, expanded into far too many businesses for their own good, leaving them with too much deht and production capacity. Shares in many of the main companies in these groups suffered losses on the scale of 75 percent from 1995 until spring 1997 — before the Asia currency crisis started having its effects on South

Korean stocks.

But Simon Nicholson, a portfolio manager at the Gartmore fund com-pany, ,said the chaebol's amhitions may still pay off. Their expansion, he argued, has given the companies their valuable

brand recognition among consumers. "They've concentrated huge amounts of financial firepower on certain industries, so they've carved them-selves a niche," he said. "Ask anybody on the street and they can probably name

three or four Korean companies."
In Britain, Ms. McWilliam said, Daewoo has done the best job among the chaebol of creating a brand identity in the auto sector.

'It seems to be fast developing a good strong reputation in the car market, with its own network of distribution. and heavy advertising spend, "she said.
"Hyundai, for cars, I think would be behind in terms of recognition, but still have a reputation amongst private car buyers at the cheaper end of the spectrum - not a bad reputation, either. Samsung, by contrast, is known as one of many consumer-electronics maker, while LG, the former Lucky-Goldstar, has poor recognition, she said.

Being a market leader, Ms. McWilliam said, gives a company leverage with retailers and distributors, as well as the wherewithal to fund a fat advertising budget to keep its name before the puhlic and make it costly for newcomers to enter the market.

Leaders also command the public's trust and so are in the best position to introduce new products, continually forcing their rivals to catch up.

In some technology fields, there is a bonus to being on top because of the lendency to gravitate toward a single industry standard. That is why Microsoft Corp. shareholders have prospered and Apple Computer Inc. owners have not.

Some companies manage to get by or even thrive in spite of lagging market share, Ms. McWilliam said, Clever small erators, such as Kichard Branson s Virgin Group, trade on a rebel image.



When Bad Things Happen, Even the Best May Not Resist

But for Leading Brands, Astute Crisis Management Often Keeps the Effects of Adverse Publicity Short-Lived

By Barbara Wall

TOCKS OF companies that make famous brand-name products are widely perceived to be good defensive investments, offering a security of earnings that manufacturers of non-branded products are seldom able to match, but there are limits to the defensive nature of these stocks. Bad news and poor brand-management can have a disasirons, if sometimes short-lived, impact on a company's share price.

Gary Davis, professor of manage-ment at Manchester Business School in Mancbester, England, said that while adverse publicity can affect a com-pany's rating, bad news alone rarely inflicts lasting damage on the share price and should not be seen as a signal to disinvest.

"When Tylenol, a leading brand of analgesic manufactured by Johnson & Johnson, had to be withdrawn from the market temporarily after it was allegedly tampered with, J & Fs share price fell by around 3 percent," said Julian Hardwick, a food manufacturing analyst al ABN-AMRO Hoare Govett in London, "but within a few years it had bounced back again to normal levels. Some analysts have suggested tergent — a leading brand of Unitever store. Under his management, the comthat one could generally expect minor PLC — was withdrawn from the mar-

bad news to swipe around 5 percent off a company's share price. The news clothing, it took around five years for would have to be very serious for the stock valuation to drop-off com-

The share price of Vitasoy Inc., a Hong Kong-based soft-drinks mannfacturer, took a beating when the company was forced to close its production plant last January after bacteria was found in some of its soy milk products. But strong brand-recognition and good crisis management enabled the company to bounce back within months, according to reports at the time. "The share price fell by around 20

percent once Vitasoy admitted that it had a problem," said a spokesman for Bank Indosuez W.J. Carr in Hong Kong. "The incident happened at a time when the company faced increasing competition from Western soft drinks companies. Nevertheless. Vitasoy is such a well-respected name among consumers in Hong Kong that il was only a matter of time before it was able to resume normal trading and claw back its market share."

Mr. Hardwick said the effect of bad news on a company's rating largely number of brands it controls.

depended on company size and the "When Persil Power washing deUnilever's share price to recover," Mr. Hardwick said. "In reality, the incident had no impact on the overall profitability of Unilever because of its size and the success of its other brands."

Occasionally, bad news can have a positive impact on a company's standing. One British food analyst suggested that the Persil Power debacle shook up the management team at Unilever and forced them to take a fresh look at their products and marketing strategies, thus helping them to maintain their No. 2 position in the detergents sector.

Given that many leading brands have been able to weather the effects of adverse publicity, some investors might be tempted lo huy into a company when bad news strikes the share price. But Mr. Davis did not recommend this strategy, for there have been cases of bad news bringing down a corporation. Ratner's, once a leading chain of

retail jewelers in Britain, went out of husiness largely as a result of adverse publicity. When Gerald Ratner took over the company from his father in the early 1080s he changed in form early 1980s, he changed its focus from a respectable, if humdrum, retailer to a bargain-basement jewelry discount store. Under his management, the com-

acquiring stores in Britain and expand-But after a 1991 speecb hy Mr. Ratner in which he characterized his merchandise not only as cheap and non-durable, but "lotal crap," the share price plummeted and never re-

While adverse publicity may not always be a good enough reason to buy or sell stocks in companies with strong brand identities, poor brand management may set warning lights flashing.

According to some analysts, the greatest threat to branded products in recent years has come from the growth in private label business. Some reports suggest that in the United States, the markel share of private-label products is increasing at about 2 percent a year in some sectors. It bas been suggested that the leading brand-name manufacturers that are losing ground to private label business and other lesser-known brands are those where the management have failed to innovate and keep the lid on price increases.

A spokesman for Henderson Crosthwaite Institutional Brokers Ltd. in London suggested that the main reasons why McDonald's Corp. was losing ground to Burger King and Wendy's in the United States were overpricing and lack of product in-

the threat posed by store labels ahead of many other competitors in the field, according to a U.S. retail analyst. As well as cutting the prices of many of its products, Proctor & Gamble used tecbnological innovation to maintain an edge. Cheer laundry detergent was one of the company's successful product innovations. What was special about this particular detergent was the ad-dition of a special enzyme to prevent colors running in the wash, he said.

Some companies with strong brand identities have attempted to increase their market share by also moving into the private-label husiness. Mr. Hardwick warned that such a move rarely benefits the share price and could ultimately weaken the company's core branded products.

"this difficult to see how a company can successfully straddle both hranded and private label products," he said. "There is a significant risk that the latter will cannibalize the former, leaving the company worse-off than if it stuck to marketing its branded

It has been suggested that many of the problems experienced by Laura Ashley Holdings Inc., the women's apparel and home-furnishings retailer,

Continued on Page 17

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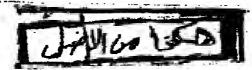
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THE MONEY REPORT

The Dogs of the Dow Gimmick May Indeed Be an Investor's Best Friend

picking gimmick in the world is the strategy called the Dow 10, or Dogs of the Dow. "Gimmick" sounds like a derisive word, but I have a lot of respect for the Dow 10. First of all, it works. Second, and more important, it offers one of the few easy ways to become a disciplined investor. ways to become a disciplined investor.

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The system is simple. Scan the list of the 30 stocks that comprise the Dow Jones industrial average and find the 10 that have the highest dividend yields. Invest equal amounts in those 10 stocks. Then at the end of 12 months,

sell the stocks and repeat the process.

The list changes constantly. As of Jan. 8, the stocks were J.P. Morgan & Co., Philip Morris Cos., General Motors Corp., Chevron Corp., Eastman Kodak Co., Exxon Corp., Minnesota Mining & Manufacturing, Inc., International Paper Co., E.I dn Pont de Nemours & Co., and Caterpillar Inc.

It does not matter when you start, as long as you lock in the portfolio for a

TITHOUT A DOUBT, the single most popular stock-picking simplick in the picking simplicity in the single most popular stock-picking simplifies simp trusts that uses the Dow 10 strategy.

mutual funds. When you look at longer periods of time, it's done even better."

Mr. O'Shaughnessy tested the results of the Dow 10 back to 1952 and found they produced an average annual return of 17.0 percent, compared with 13.8 percent for the Standard & Poor's 500-stock index. If you had put \$1,000 into the Dow 10 in 1952, you would have \$810,000, compared with just \$230,000 million with the S&P.

In the past seven years, the Dow 10 has returned 24.8 percent, compared with 21.4 percent for the full Dow 30 and 20.5 percent for the S&P. In fact, the Dow 10 has beaten the full Dow in 20 of the past 27 years. The system whipped both the Dow 30 and the S&P

It is no wonder, then, that the assets of Dow 10 have soared from \$56 million

in 1991 to \$14 billion last month. Most systems are hunk, but the Dow

and found that since 1952 it produced one of the unit trusts that invests in the lower returns at higher risk than the market as a whole.

The reason, almost certainly, is that many high-yield stocks are basket

JAMES GLASSMAN ON INVESTING

10 has, at its heart, a stout principle: it is a method for finding bargains among solid companies.

A stock's yield is merely its expected dividend payments for the year ahead in dollars divided by its price. Dividends are a good measure of long-term profits, and price, of course, is the best measure of the market's enthusiasm for a stock. If the market is sour on a company, but profits remain good, then

yield will be high.

But beware. Simply buying any stock that has a high dividend yield can be a mistake. In his book "What Works on Wall Street." Mr. O'Shaughnessy tested the proposition with a universe cases. Their low prices may be fully justified, and their indicated yields may be fictional since they are about to lower or suspend their dividends.

But Dow companies, selected for the index in part because of their size, soundness and longevity, are rarely in danger of collapse. So high yields are more likely to be a sign of a bargain price rather than an imminent encounter with bankruptcy court.

Of course, different companies have different dividend policies. Some Dow stocks, such as Walt Disney Co. and Wal-Mart Stores Inc., which traditionally have yields below 1 percent, will never be on the Dogs list because they

ers will be Dogs just about every year, notably the two oil companies (Exxon and Chevron) and the one bank (J.P. Morgan) since they are in industries

that usually offer high payouts.
But the Dow 10 system works despite this skewing. One reason for its success is that high-dividend Dow stocks are less volatile than the rest of the market — there is less risk that they will plummet, because their prices are not in the stratosphere and because the

dividends cushion the fall. The Dow 10 has lost money in only two of past 27 years, and in both cases the declines were small, 3 percent and 7 percent. By contrast, the Dow 30 lost money four times — three times in double digits. In 1973 and 1974, the S&P fell a total of 37 percent, but the Dow 10 gained 5 percent.

Last year was typical. All 10 of the Dogs of the Dow produced positive returns, but five of the 20 remaining Dow stocks suffered losses. Less upappears as overvalued as this one.

Funds that invest using the Dogs of the Dow principles:

DEFINED ASSET FUND SELECT TEN PORTFOLIO in end through brokers at Panic Webber, Salomon Smith Barney. sold through brokers at PaincWebber, Salomo Printential and Morgan Stanky Dean Water.

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-O'SHAUGHNESSY DOGS OF THE MARKET FUND, managed by Mr. O'Shaughnessy hamself Telephone. 1 203 869 7148, or. foll-free in the United States, 1 300 797 0 773 Web site: www.ortonds.com. The land includes Dow 10 plus 20 sandar stocks.

PAYDEN & RYGEL, European Growth & Income Fund, call 1 213 625 1900, or, toll-free in the United States 1 800 572 93%, or van the company is Web site at www payden own Payden & Rygel currently accepts only U.S. entirens as above.

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THE MOTLEY FOOL Web site, www.lool.com has in-lormation on Dogs of the Dow strategies. THE MONEY REPORT will have information new week in

Big Names at the Top: The Risks and Rewards of Betting on Charisma

By Digby Larner

ERSONALITY counts a great deal in business. Chief executives such as Microsoft Corp.'s Bill Gates, Virgin Group's Richard Branson and George Soros of Quantum Fund Management LLC are arguably as well known as the corporations they represent.

Investors are well aware of the value of having media-savvy tycoons heading the corporations into which they buy. When Time magazine named the 10 most powerful people in the United States last year, the list included seven corporate chief executives. Mr. Gates was second - just behind the U.S. president, Bill Clinton, Ropert Murdoch of News Corp., Michael Eisner of Walt Disney Co. and Andrew Grove of Intel Corp. were also included.

Katherine Garrett-Cox, U.S. fund manager with Hill Samuel Asset Management in London, said analysts consider quality of management to be the higgest factor in making investment choices.

"Well-known and charismatic managers clearly add a premium to their company's share price," she said. "If you buy into shares such as Berkshire Hathaway, Microsoft and Intel, it's because you know who their CEOs are and you expect their husinesses to outperform the average. You have to back good managers."

creased 698 percent over the period.

Unfortunately, there is a downside

no believe in tra dexes would do better to place their faith in famous managers, she added. Figures seem to bear this out. In the

last five years, the value of the Dow Jones industrial average increased 238 percent. Many respected portfolio managers will have underperformed this figure — according to some analysts the failure rate is as high as 70 percent.



But consider the performance of some

famous chief executives. The shares of

Berkshire Hathaway Corp., the U.S. holding company headed by Warren Buffet, grew 383 percent in the last five years.

Mr. Grove, chief of the microcomputer-

component maker Intel Corp., helped

push his corporation's shares up 585 per-

cent. The daddy of them all was Mr. Gates.

Unfortunately, there is a downside. If

and Microsoft Corp.; its share price in-

tirely oo one personality, the share price is

highly vulnerable to his or her departure.

Co.'s chief executive, Roberto Goizueta,

pushed the company's shares down more

To many people, Mr. Goizueta per-

sonified the American dream. In 1960, he

arrived in the United States as a refugee

than 10 percent in a matter of days.

In October, the death of Coca-Cola



George Soros: An execu- Richard Brauson: Creator Andrew Grove: Intel's chief Michael Eisner: From Dis-



izueta's death.



"Shareholders enjoy heroes, so

there's bound to be a negative impact

when a charismatic corporate head

dies," Mr. Fishwick said. "People are

always nervous that the new managers

will go off at a wild tangent. In fact,

most have built the infrastructure

needed to keep their philosophy alive. As soon as investors see nothing has changed, the price picks up again.

He added that the role of a charis-

corporation established, but that at some

point the brand builds enough mo-

Ford and Kellogg," he said. "The brands have a life of their own."

established brands, he said. Mr. Branson,

who is possibly as famous for his hot-air

"It happened with companies like

The same is true of more-recently

mentum to overtake the individual.



balloon flights as for heading Virgin, is

Bill Gates: The star upon tive as famous as his fund. of Virgin's rebel image. adds premium to shares. ney, a record-setting payday. whom Microsoft has risen.

> one example, Mr. Fishwick said. Because the business is privately owned, there are no shareholders who will worry about Mr. Branson's escapades. But in October, the chief executive of Mr. Branson's European airline, Virgin Express, announced plans to sell about \$100 million worth of shares on the U.S. Nasdaq exchange. Mr. Fishwick said that once Virgin Express is publicly quoted, Mr. Branson is not likely to feel

interests by giving np ballooning. "There was a time, probably about 10 years ago, when Virgin's fortunes were inextricably linked to Mr. Branson's." he said. "I don't think that's the case any more. The brand is so strong that I doubt investors would be worried if somebody

compensa to aerena

else were to take over." Yet charismatic leaders are suffi-

ciently valued by directors to be offered strong incentives to stay put, Ms. Garrett-Cox said, In just such a deal, Walt Disney Co.'s

Mr. Eisner enjoyed history's biggest corporate payday in December. Using stock options he had gained in 12 years as Disney's chief, he banked \$565 million. In 1992, he cashed in \$202 million worth of stock options and still has about 8.7 million shares worth of options.

Unlike many other well-known managers, however, the premium that Mr. Eisner's presence has added to the Disney share price is relatively low. Over the last five years, its value has climbed 265 percent, a comparatively meager 27 percentage points higher than the Dow Jones industrial average.

Outside the United States and Britain, there are fewer high-profile managers. Hugh Young, an Asian fund manager with Aberdeen Asset Management Asia in Singapore, said Asian corporate culture tended to play down the role of individuals. Even so, he said exceptions included Ong Beng Seng of Singapore's Hotel Property Ltd. and Gordon Wu, chairman of Hopewell Holdings Ltd. in Hong Kong.

"Clearly, one of the biggest problems in this part of the world is that markets are falling dramatically," he said. "It would take more than good management to bock the trend."

But he said Asian executives tended not to add a long-term premium to share prices, even in good times. 'It's all ption.'' he said "With Gordon Wu, for example, people believed be could deliver everything he promised. He made a couple of wrong moves, saddled himself with a little too much debt, and investors deserted."

Hopewell's shares, which traded as high as 5.30 Hong Kong dollars (68 cents) last year, now change hands at

Bad News May Limit Defensive Plays

Continued from Page 15

are due to poor brand-management. "There is nothing fundamentally wrong with the Laura Ashley brand, Mr. Davis said. "However, when the management team decided to expand into the United States, they overestimated the strength and power of the brand in America. The company is still recovering from the mistakes made there by senior man-

The German fashion bouse Escada has also experienced brand-management problems outside its local market. Concerned by falling sales figures and unhappy with the way Lane Crawford, a leading department store in Hong Kong, was managing the Escada brand, the fashion bouse decided to appoint another retail outlet to take over product sales.

Continued from Page 15

brands and to keep up with changing

tastes. Anyone who decided to buy

shares in Reebok International Ltd. in-

stead of Nike Inc. 10 years ago, when

there was little to separate the two

brands, understands this. Nike's mar-

keting geninses gambled that the public

would accept sneakers as fashion state-

ments and have been rewarded many

times over, leaving Reebok and the rest

to try weakly to catch up.

kets over the last year.

"Lane Crawford has been having problems for years," said one Hong long-based consumer goods analyst. 'It is widely perceived to have an antiquated management structure and its reputation is not as good as it once was. The principles at Escada were primarily concerned that the brand name was being damaged by association."

Simon Davies, an investment adviser with Berry Asset Management in London, said it was "becoming increasingly difficult, though not impossible, to gauge the effects of adverse publicity and poor brand-management on the overall performance of

large corporations."
"A common mistake is to assume that a strong brand identity will protect a company from bad news and difficulties in the market," he added. "While strong brand-loyalty will enable many

Behind the Brand Mystique, Solid Results

companies to survive minor crises, if the business is basically flawed, household recognition will not enable the company

from Cuba with only \$40 and 100 shares

in Coca-Cola Co. His was a legendary

rise, from the company's technical and

engineering division to chief executive.

Taking over Coca-Cola when it was debt-

ridden and in decline, he made it the

world's leading soft-drink manufacturer.

death, news of his cancer had put down-

ward pressure on the share price, despite

the existence of a succession strategy

that named the chief financial officer,

Not all analysts are unduly worried

about this phenomenon. Chris Fishwick,

an analyst with Aberdeen Asset Man-

agement in London, said that although

investors often panic when a well-

known manager dies, the damage tends

to be temporary. Indeed, Coca-Cola's

shares have climbed back to about \$66.

10 percent higher than before Mr. Go-

In the weeks before Mr. Goizueta's

to grow and remain profitable."
He suggested that investors might find it easier to analyze a company if they strip away the brand name and address the following questions:

 Is the company operating in a growing market?

• What is the competition? How will the company increase its

profits? What is the management strategy? Does the company always pay dividends? Is there a policy to maintain

dividend payments? If the company is hit by bad news or weakening brand-loyalty, can the management team reposition the brand or brands under its umbrella?

GARY DAVIS has written a report, "What Price Reputation?" published by Haymarket Management Reports (£450). Call 44 171 413 4413 for further information.

Of High Fund Fees

bolders, who have to foot the

which just raised its expense ratio to 0.87 percent of assets. from 0.57 percent. In proposing the substantial fee increase, Acorn management pointed out — as fund companies generally do in such proposals — that its fees would still be lower than the average charged by compet-

Let's see. A fund raises its costs, saying it remains a relative bargain. The higher costs, in turn, raise the group average. That creates a new group of funds charging below-average expenses --- and those funds can then say they are raising fees because their fees are below average.

has led to baseball salaries being what they are," said Don Phillips, president of Morningstar Inc., the fundtracking company. "Wheo the entire industry is overcharging investors, the argumeot that you're overcharging less than the next guy isn't compelling.''

comes atop the automatic raises that management has received from the fund's recent growth. Because Acom's management fee is fixed as a percentage of assets, the dollar amount has shot np as the fund has swelled in size, from \$932 million 10 years ago to \$3.6 billion today.

diversified equity funds, or tracked by Morningstar, raised the fees that they charged investors. Nor was 1987, the portion of funds that have raised their expenses has ranged from 46 percent to 77 percent a year. All those increases have

lifted the average expense ratio on diversified equity funds to 1.41 percent, from 1.28 percent 10 years ago. Where are the ever-elusive economies of scale that were to allow fund sponsors to trim costs as their funds grew?

Especially now, when so many funds trail the Standard & Poor's 500-stock index in performance, fund sponsors should be embarrassed to continually raise costs. Because they cut returns, higher expenses provide a bandicap that even excellent managers struggle to overcome.
"Unfortunately, the in-dustry is seeing the 1 percent

expense ratio as a floor now, not as a ceiling," Mr. Phillips said. "At some point, investors are going to ask whether the costs are worth the service." **An Array of Funds**

To Cover the Bases

Mntual fund companies added 572 funds in the United States last year, down from a peak of 1,588 new funds in 1994. Still, that brings the total to 8,695, certainly a lot of choices.

How many funds is enough for the average investor? Academic research finds that you do not gain much by owning more than about 10 funds. Try to cover all parts of the market with that group: small- and largecap stocks, international stocks, value and growth mvestments, and maybe a couple of bond funds. (NYT)

More U.S. Listings Of Brazilian Firms

Investors with an interest in Brazil should find it easier to buy some of its most attractive companies in 1998.

E-mail address: moneyrep@iht.com

As many as a dozen firms could be listed in the United States, said Ross Kaufman, a lawver with the New York law firm of Greenberg Traurig Hoffman Lipoff Rosen & Quentel, which bas assisted Brazilian companies

in preparing listings.
The New York Stock Ex-

s snarenolders

change now lists only seven companies from South America's largest country, ranging from Telecomunicacoes Brasileira SA (known as Telebras) to Companhia Cervejaria Brahma SA, a major brewery. Among the likely new arrivals are Companhia Vale do Rio Doce, the mining conglomerate: Light Servicos de Electricidade SA, the electric utility for the state of Rio de Janiero, and Lightel SA, a private-sector

cellular telephone company. Investors have been frustrated by the slow pace of Brazilian company listings in the United States. Recently, some have suggested that delays are being caused by concerns that Brazil might be forced to devalue its currency, which has been under pressure by spillover from

the Asian currency crisis. But the majority of ohservers attribute the dearth of U.S. listings to delays in Brazil's privatization program, which has frequently become bogged down in local politics. Referring to the idea of a dozen prospects this year, one New York hanker said, "We'd be thrilled if they listed half of that."

Mr. Kaufman and Mark Saunders, a fellow Greenberg Traurig lawyer, also like Turkey, both as a potential issuer of American depositary receipts and as an investment market.

"It's like our Mexican border," Mr. Saunders said, alluding to Turkey's position as an exporting country that borders on the European Unioo and has many middleclass consumers. Turkish companies are "very strong,

very sophisticated," he added. "Turkey is the hot market for 1998.

Italian Funds Grow

Assets under management by Italian mutual funds rose by about 86 percent in 1997, to 367.384 trillion lire (\$204.6 billion) in a year that saw the vebicles posting an average appreciation of 13.3 percent, the mutual fund association Assogestioni said.

Italian stock funds had notably good results, with an average appreciation of 48.0 percent in 1997. The MIB 30 index was up 58.9 percent for the year.

In December, Italian murual funds recorded a net inflow of 12.791 trillion.

Last year's results came amid a dramatic drop in interest rates, falling inflation and a marked improvement of public finances in the runup to European Monetary Union, Assogestioni said. (Bridge News)



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Discover & Co. said in a research re-While global demand is likely to remain relatively firm, costs are rising rapidly," they added. "The major players are spending more on development. as well as on advertising and promotion. Participants will have to search for ways to survive and prosper. One way is to

combine to get a bigger bang for their research and promotional buck. Morgan Stanley has buy ratings on Skis Rossignol SA of France and the German sneaker company Adidas AG. product is a bog-standard staple."

failed to capture the changing zeitgeist is the cosmetics maker Revion Inc. Gary Hamel, a colleague of Ms. McWilliam at London Business School, said Revion was built on the notion that women had low self-esteem and needed cosmetics to feel glamorous. That idea was maintained long after the women's movement rendered it archaic. The Body Shop International PLC, by contrast. recognized the shift and has thrived by fostering an image of making products that are healthy and comfortable.

A once-venerated company that

Competition and the marketing war are taking their toll on the sportinggoods business, where share prices have drastically underperformed broad mar-"The industry, particularly in Europe, will have to consolidate," anaward spiral. lysts at Morgan Stanley, Dean Witter,

"People can only have so many floral dresses," said Malcolm Newbery, a management consultant specializing in retail and fashion, reciting what ultimately may be the company's epitaph. They tried to get around that by going into more countries, then by opening bigger stores in the U.S. They needed

Some idiosyncratic brands slip because their owners fail to anticipate the exhaustion of their appeal. Take Laura Ashley Holdings PLC, whose business and share price have been in a down-

more stock to fill the shops, but it was stock that wasn't selling."

For almost any branded product, be said, "you're talking about inherently cyclical swings and roundabouts. You can't win indefinitely unless your

That explains why Levi Strauss seems to win indefinitely. It makes jeans and little else and uses clever advertising campaigns to keep reminding people to buy another pair.
"You've got to spot those brands that

are on hopefully a very long life-cycle, like Levi's jeans, and those that are on a short but happy life-cycle," Mr. Newbery said. Examples of the latter are themerestaurant chains, such as Planet Hollywood, that are only momentarily bot

with diners and investors. 'I suppose there is some financial. analysis that says where these people are on that life-cycle and where I jump on and off, but it may be too late already," once the stocks start trading,

ground floor," he added, "only when you're a few stories up and the only way to go is down.' These mutual funds specialize in companies that have strong consumer

"You never know about it on the

 BBL INVEST FOOD & BEVERAGES, a Luxembourg-dom-iciled fund managed by Banque Bruxelles Lumbert, Belgium, reed managed by Bu one; 322 547 2111. «BANQUE GENERALE CONSUMER GOODS, Beigners, triephoge: 322 563 1319. • IMIGLOS AL SEVERAGE, Netherlands Antilles

BRIEFCASE

The Mathematics

American mutual funds are using funny math to justify their cost increases. Carole Gould of the New York Times reports, but it is no laughing matter for share-

Consider the Acorn fund,

"It's the same lunacy that

The fee increase at Acom

Acom is far from alone. Last year, 348 United States 54 perceot of the group 1997 an unusual year: Since

South Africa Wins

CRICKET South Africa pulled off a thrilling two-run victory over New Zealand in the limited-overs match at the Gabba ground on Friday in Brisbane, Australia

Chasing South Africa's 300 for six, New Zealand scored 298 for nine after having recovered from a hopelessly placed 124 for six. Needing 12 off the last over and then seven from the last two balis, the tail ender Dion Nash scooped Shaun Pollock in fine leg, but the shot hit the boundary rope and was awarded four. It was only inches away from a six, which would have left the Kiwis with just one run from the last ball in win.

It's Tomba Time Again

SKIING The Olympics are coming. It must be time for Tumba.

The Italian superstar, who hadn't won a World Cup race in a year, turned in a flawless performance in a night sialom Thursday in Schladming, Austria, for his 34th slalom triumph, and his 49th overall vic-

tory. He has three Olympic medals. Tomba left little to doubt. Starting fourth, be surged into the lead after the first run, and then held off a challenge by Thomas Sykora of



Mary Pierce in doubles match.

France in Hopman Final

TENNIS Mary Pierce set the stage for a 3-0 Freech victory against South Africa in the Hopman Cup team tournament on Friday, easily beating Amanda Coetzer.

Pierce dismissed Coetzer, 6-3 6-3, before her partner, Cedric Pioline, beat Wayne Ferreira hy 7-6. 6-3, to book a berth in the final oo Saturday against Slovakia. The French pair then woo the doubles match, 6-4, 7-6. (Reuters)

Romanian Dies at 65

Lia Manoliu, an Olympic gold medalist in the discus and one of Romania's greatest athletes ever, died Friday of a heart attack. She was 65. She first competed in the Olympics in 1952, and threw the discus in five more Games. (AP)

WORLD ROUNDUP Doping Returns Swimmer to China

The state of the s

PERTH, Australia - The Chinese

swimmer Yuan Yuan and her coach, Zhou Zewen, were summoned home from the world championships on Friday after tests confirmed that Yuan had tried to import a banned growth hor-

But China's team leader, Shi Tianshn, denied rumors that the club was considering withdrawing from the championships, saying it would continue to compete.

Australia's customs minister, Warren Truss, said that a substance found in Yuan's baggage on Thursday "is or contains a growth hormone — it is a prohibited import.

World swimming's governing body, FINA, referred the matter to its doping commission, which was expected to meet within 24 hours. Yuan and Zhou face minimum four-year suspensions from the sport.

"This crime shall be regarded as a vinlation of FINA rules," said the or-ganization's secretary, Gunnar Werner.
"It's trafficking of a hanned sub-

stance." Werner added there was no possibility of a penalty being assessed against the entire Chinese team.

Shi said that Yuan and Zhou were bringing the growth hormone into Australia to give to friend based in Sydney. He also apologized for the breach of Australian customs regulations in the

"What these two members of the delegation have done is a violatioo of the discipline of the delegation, which is definitely wrong," he said. "We shall deprive these two people of the right to participate in these championships. Further action will be taken and we shall inform FINA of the results."

The substance, taken from 13 vials hidden inside a thermos flask that was in Yuan's luggage, was tested by a government laboratory, whose results were then confirmed by a separate laboratory. The vials were found when Yuan and 28 other members of the Chinese delegation flew into Sydney from Beijing on Thursday.

Chinese swimmers have returned 23 positive drug tests during the 1990s, but

team officials have always denied that systematic doping occurred.

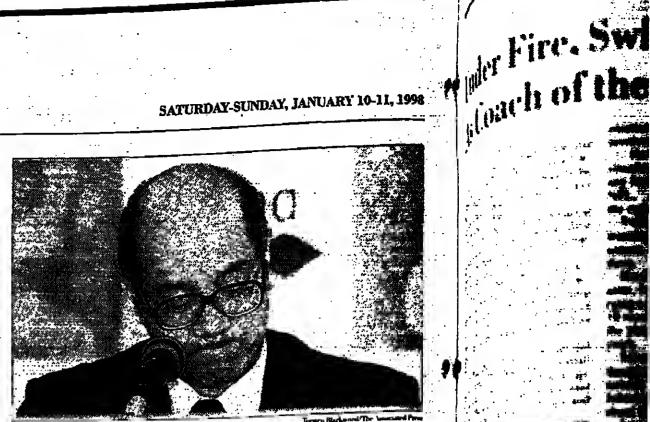
Canada's head swimming coach, Dave Johnson, said the incident gave FINA a chance to discipline China. "This opens the door for FINA to take a pretty tough stand on China's entire team," he said: "If they choose not to do

so, it is oot very good for swimming."
The coach of the U.S. team, Mark Schubert, said the Chinese club was in a difficult position. "If they stay, they stay in disgrace," Schubert said. "Everyone will assume they are all on drugs."

Australia's swimming coach, Don Talbot, said that drug-taking in world swimming was "much more rife than even our wildest imaginations can

Truss, the customs minister, said the strictest controls were observed "to ensure that the vials could not be tampered with in any way from the time of seizure until the test analysis was completed."

Between the two tests, members of Australia's Sports Drug Agency went to the Chinese team's hotel to carry out more tests on the squad. (AP, Reuters)



Shi Tianshu admitting a Chinese athlete had carried a banned substance.

■ Germany Defends Athletes

The German government on Friday rejected as "absurd" demands that former East German athletes be stripped of their Olympic medals and world titles because of drug use. The Associated

Press reported from Frankfurt. Interior Minister Manfred Kanther

said Germany had a high-standard antidoping system and expected to be treated fairly by international bodies.

Kanther's reaction was prompted by the case of the German swimming coach Winfried Leopold, who had his accreditation taken away at the World Championships in Perth, before it was returned by the order of an Australian court.

Football Players Are Awfully Tough, but Enough for Rugby?

"E'S a freak," said Will Carling, captain of England's rugby team, bruised and humbled. He was complaining about Jonah Lomu, the enormous New Zealand sprinter who had just trampled England in the semi-final of the 1995 Rugby World Cup. At 6 feet 4 inches (1.92 meters) and 250 pounds (113.5 kilograms), Lomn

ran through tacklers as if they were cobwebs. If the English felt inadequate against such a man, imagine how Carling would feel against a team of 15 Lomus.

I knew just where to find them -in the wild and woolly rugby wilderness known as America.

If you chartered a jumbo jet, touched down in Florida, Ohio, Texas and California, loaded it up with every 22-yearold American football player unable to find work in the National Football League, then transported them, Noahlike, to the rugby countries of the world, you might think they would feast on the slow, pale likes of Will Carling and never have to wear a helmet or shoulder

Lomn was rugby's first NFL-style combination of size, strength and speed, looking in his black shorts like an Oakland Raiders tight end on holiday. What if somebody gathered a team of young, healthy NFL castoffs in their athletie primes, taught them the rules and set them loose on the Five Nations and the Southern Hemisphere?

'I'll tell you what would happen to the sissippi-based agent for players in the NFL. "They would get beat to death."

Last year, Thompson sent a dozen such players to Australia. In so doing, he was accepting the invitation of Bernie Gross, an Australian sports lawyer who was convinced after years of watching NFL games while on skiing holidays in Amer-ica that the Yanks could revolutionize the Australian sport of rugby league.

. In America/ IAN THOMSEN

"I think I overestimated the ease with which they would make the transition," Gross says.

Rugby league is a more physical version of rugby union, which has been exploited so forcefully by Lomu. While 15-man rugby union has, until recently, been an amateur sport, rugby league has always been professional. The 13 men fielded by each rugby-league team are all expected to run, pass, defend, tackle and kick at close to a nonstop pace for 80 minutes, on a field 10 yards longer and 30 yards wider than American football

HERE WAS a time, decades ago, when American football had more in commoo with rugby. Bot few Americans play both offense and defense anymore. Football is specialized, with players substituted in and out depending on the situation. It is a game of spurts followed immediately by 30cond huddled intermissions. Put it this way: If a rugby-league

player scores a try from one end of the field to the other, he doesn't immediately head to the sideline to breathe from an oxygen mask. Instead, he stays in the game for what Americans would refer to as the kickoff.

"The NFL has more high-risk sudden impacts," Thompson said, meaning that NFL players tend to hit each other rugby is more physical than the NFL. Personally, I don't think Americans can cut the mustard."

The best American prospect was Maurice Hampton, a running back from Jackson State in Mississippi — Walter Payton's school - who went unnoticed by the NFL in 1996. That year, he and a former college teammate joined the Sydney City Roosters and progressed to the reserve team.

Hampton, who runs the 40-yard dash in about 4.60 seconds, slow by NFL

standards, gave himself high marks.
"A lot of times I would find myself in a one-on-one position against the de-fender," he said. "But on the team in Sydney, there were probably only one or two guys who could beat me running, and those guys were 170 to 180 pounds. I'm 220. Their speed doesn't match up."

Gross, who personally spent \$100,000 to fund the movement of more than a dozen Americans to Australian over the last two years, hoped their speed and strength would conquer. But in the end, most of the Australian clubs saw little point in investing time and money in American athletes who might oeed years to learn the instinctive nuances of rugby league.

N AMERICA, you have 30 NFL teams for a population of 270 mil-lion, which is to say one club per 9 million people," Gross said. "That means a lot of great American athletes are unemployed, especially compared to the one club per 500,000 Australians who are interested in rugby league."

Thompson said: "The goal of this was to pot together an American team playing internationally and becoming probably the best in the world - as Americans usually are. But rugby is not

A larger commitment would have to be made to even hope for such a scenario, and in America that means huge amounts of money. The best Gross could do was to provide his guests with one of the great coaches, Warren Ryan, who is the Bill Walsh of rugby league.

In an international Sevens tournament last year - a high-scoring event played by teams of seven men each -

Ryan and Gross watched their Amer- chests — and then you could see a look icans score a delicious try that summed up their difficulties.

One of the Americans, a great athlete, beat everyone and ran over the try. line-but he didn't put the ball down on the ground," Gross said. "It wasn't quite a Forrest Gump situation, but it was quite funny. There were lots of players high-fiving him, humping

come over him that he was realizing heave wasn't going to get any points for it. In the old days, the rule for scoring with the ball in hand used to be the same? in America. That's why it's called a touchdown.

lan Thomsen is a senior writer at Sports Illustrated magazine.

Carling Retires From England

LONDON - Will Carling, who captained England in a world record-59 international matches, has retired from rugby union, his club, Harle-

rrom rugby union, his cino, Harie-quins, announced Friday.

"Retirement from the game is a big wrench but it is the right decision for me," said Carling, 32.

A hard-tackling center, Carling

played 72 games for England in an international career that began in 1988: He quit international rugby in April and lost his starting spot on the Harlequins this season because his commitments as a business consultant were interfering with his training.

He became one of the most famous sportsmen in Britain during the early 1990s, and helped England dominated the Five Nations championship and reach the World Cup final. But his love of the media spotlight aggravated many in the game, and he was frequently embroiled in controversy. Carling was fired as captain in 1995 — but reinstated two days later - after making an insulting comment about English rugby authorities. His marriage collapsed after media reports linked him to Diana, Princess of Wales, in 1995.



Will Carling was captain of England in 59 international matches.

SCOREBOARD

BASKETBALL **NBA STANDINGS** 21 11 656 19 14 576 18 15 545 19 17 528 18 17 514 16 16 500 9 23 281 .676 .667 .625 .625 .606 .455 .441 .118 Secifie L'A. Lakers Phoenix Portional Socrainerilo L.A. Clippers Solden State 76 01V1810N 26 6 .824 26 8 .767 21 18 .477 19 13 .594 15 20 .429 9 25 .265 7 23 .233 24 24 22 16— 87 25 34 18 21— 89 New Jersey 10-17 5-8 25. Mcmet B 21—89 C; Seikniy 10-17 5-8 25. Mcmet 6-15 3-4 75; N.J.: Kitiss 10-17 6-7 27, Van Hom 7-17-5 19. Rebounds—Orlando 47 (Seikniy 12), New Jersey 61 (Williams 15).

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Person 6-13 0-0 15, James 3-6 4-4 11, Rebounds—Seattle 57 (Schrempf, Baker 7), Cleveland 45 (Henderson 9), Assists—Seattle Cleveland 26 (Anderson 6).

Socramento 25 20 18 32-183

Dallas 27 15 21 28-92 Cleveland 26 (Anderson 6).

Socramento 25 20 18 32—193

Dollas 77 15 23 29— 92

S-Polynice 12-21 2-5 26, Richmond 4-13 9
18 16: D: Scotto-16 2-3 21, Walker 0-13 4-8 20,
Rabounds—Sacramento 63 (Polynice 16),
Dollas 57 (Finley 10). Assists—Socramento

30 (Richmond 7), Dollas 14 (Finley 6). 30 (9ccnnond 7), Dollas 14 (Flaley 6).

Iodicane 21 27 17 22— 87

Hetiston 11 26 21 22— 30

ISRose 8-9 1-1 18, Miller 5-12 4-6 14; H:
Willis 12-23 8-9 32, Harrington 6-12 3-3 15.

Rebeands—Indiana 47 (A.Dovis 9), Houssian 53 (Horrington, Wills 11). Assists—Indiana 24 (Jockson 6), Houston 16 (Elle 5).

Milleroules 22 34 24 29—189 22 34 24 29—109 26 77 28 35—114 M:Brandon 12-22 3-3 29, Allen 7-155-6 21; U: Malone 13-16 13-1539, Hornacek 7-11 5-6 20. Rebounds—Milmoukee 46 (Gilliam 9), Utah 38 (Osterlag 10). Assists—Milmoukee 16 (Brandon 8), Utah 29 (Stocklan 13). MAJOR COLLEGE SCORES Horth Carolina 96, Georgia Tech 75 Artzona 94, Washington State 81 UCLA 99, Oregon State 72 Illinois 76, Jowa 64

Samsonov) Third Perfett B-Allison 16, 6. 8-Carter 5 (Donote, Sweeney) 7. Phoents Supjetor 2 (Gariner) 5. Phoents Supjetor 2 (Gariner) 5. Phoents 7-14-10—31. 8-13-14-7-34. Geoffes: Phoents (Problems 1 1 1 0—3 Pattadephala 1 1 1 0—3 Carolina 1 1 1 0—3 Carolina 1 1 1 0—3 Carolina P-Nimetron 3 (Coffey, LoClair) (pp). Second Perfect Carolina, Frimeto 14 (Kaponen, Emerson) (pp). 4. P-Gration 11 (LeClair) Third Perfect Carolina, Emerson 14 (Primeau, Kron) (pp). 6. P-LeClair 33 (Gration) Overfitme: None, Sharts on goat: P-10-15-15-1—41. Carolina 2-5-16-0—29. HOCKEY NHL STANDINGS W L T Pts GF GA 27 13 2 56 127 87 26 10 8 56 128 91 20 16 8 48 124 119

(Gratica) Overfitte: None, Sherbs on goal: P-10-15-15-1-41. Corolina 8-5-16-0-29. Geoffies: P-Hedrial. Carolina; Kidd. Menfred: 2 3 3-6 N.Y. Islanders 1 9 1-2 First Period: M-Bordeleou 3 (Carson. Recchi) 2 New York McCabe 1 (Polity) 3 M-Recchi 22 (Corson. Bordeleou) (pp). Second Period: M-Savage 11 (Manson, Outhol) 5 M-Savage 12 (Carolina) 5 M-Savage 12 (Carolina) 5 M-Savage 12 (Carolina) 6 M-Savage 13 (Manson, Outhol) 5 M-Savage 12 (Carolina) 6 M-Savage 13 (Manson, Outhol) 5 DO YOU LIVE IN AUSTRIA,

Third Period: M-Savage 13 (Damphousse. Brisebols). 8, New York, Paiffy 20 (Miler) (pp). 9, M-, Savage 14 (Brisebols) 10, M-Ruchusky 13 (Savage, Damphousse) Shets MORTHEAST DAYSON
W L. T Phs GF
24 16 6 54 136
22 14 8 52 121
20 16 8 48 111
19 20 5 43 104
16 23 6 38 114
15 19 8 38 99 Sofo.
Westhington
1 7 3—5
N.Y. Russyers
1 2 9—3
First Perfect: New York, Lesten 18 (Driver,
Serudond) 2, W-Bondra 24 (Gonchur,
Berube) 18:18. Second Parfed: New York,
Driver 4 (Grutzky, Stevens) 4, New York,
Sundstrom 9 (Stevens, Grutzky) 5, W-,
Bondra 25 (Nikolistin, Toma) Taird Parfed:
W-Brunette 5 (Ontes, Krygier) 7, W-Bondra
26 (Konowaichuk, Johansson) 8, W-Honter; 5
(Kanowaichuk, Miller) Starts on grout: W-910-12—31. New York 5-8-4—17. Geolless WKotzio, New York, Scheler.

First Period: V-Bure 26 (Linden, Lumme) First Perfect: V-Bure 26 (Linden, Lusme).

2. C-Klemen 5 (Ozolinsh, Sakid 3, C-Leroux 1 (Ozolinsh, Yelie) 4, V-Nosiund 9, S. C-Karnensky 16 (Forsberg, Lemleun) Socand Perfect: V-M. Messier 14 (Linden, Bure) (pp).

Tahrd Peried: V-M. Messier 15 (Lumme 15 (Lumme 5/linger) (pp). 8, C-Deudmarsh 13 (Karnensky, Sakid) Overfient: None, Shels en Los Apples 0 1 1 0—2
First Period: None. Second Period: L.A.Perreault 18 (Galley, Boucher) (pp). Third
Period: B-Grosek 5 (Barnaby, McKee) 3, Los

Period: B-Grosek 5 (Barmany, Anchee) & Lisa Angeles, Murray 12 (Ferrara, Robifulle) (pp), 4-8, Ward 5 (Peca) (sh), Overtime: None, Shots on goal: B-14-6-10-1-31, LA-3-9-10-4-26, Goalles: B-Hosek, LA-Fjost.

CRICKET

South Africa: 300-6 in 50 overs New Zeoland: 298-9 in 50 overs South Africa won by two runs. THEADY VI. SHI LANK! FIRST TEST, 3D DAY FRIDAY, IN KANDY, SRI LANKA

On January 12th,

HEALTH / SCIENCE

moves to the Monday newspaper.

THE WORLD'S DAILY NEWSPAPER

MERCEDES CHAMPIONSHIPS Councy scores intersoury area were re-round. of the \$1.7 million Mercedge Chemplonship at the per-72 (36-35), 7,002-yeard (6,572-meter) La Coste Resort and Spa course in Carisbed, California: John Cook 22-33—65 Hick Price 35-31—65 Exple Eis 24-27-47

Ernie Elis Frank Nobilo David Duvol Phil Mickelson Billy Roy Brown Pgul Stankowski

SOCCER STANSON OF

2-2 on aggregate, away godis Celta Viga S. Recreativo Huelva 2 Cello win 6-2 on aggregate Mallorcs 2 Les Poincs 1 4-4 on aggregate, Mallorca goals Merida 4 Lorca 1

Menda 4 Lorca 1
Menda win 4-3 on aggregate
Racing Santander 2 Osasuna 8
Osasuna win 3-2 on aggregate. eal Socieded 4 Xerez 2 Real Sociedad win 4-3 on agrregate /alencia 2 Figueres 1 Valencia win 3-2 on aggreg Real Zaragaza 5 Novelda 1 Aloves win 3-2 on aggregate

SKIING WORLD CUP

MEN'S SLALON THURSDAY, IN SCHLADMING, AUSTRIA

1. Alberto Tombo, Itoly, 1 minete, 34.12
seconds; 2. Thomos Sylvara, Austria, 1:35.01;
3. Home-Petter Burses, Norway, 1:35.29;
4. Fobrzio Tesconi, Itoly, 1:35.36;
5. Joel Chenut, France 1:35.49; 6. Andrej Mildovc Slovenia.

1:35.50; 7. Cie-Christian Furusath, Norway, 1:35.51; 8. Jure Kasir, Slovenia, 1:35.55; 9. Kiminoba Kimura, Japan, 1:35.76; 10. Slogiried Vogireller, Austria, 1:35.72. SLALOM (after 4 events): 1. Thoracs

SILALONE (after 4 events): 1. Thomas Sylana, Austria, 269 2. Firm-Christian Joge. Norway, 189; 3. Thomas Stungassinger, Austria, 1834. Hours-Pether Burnas, Norway, 169; 5. Alberto Tamba, Holy, 199; 6. Joef Chenol, France, 117; 7. Febricka Tescani, Italy, 114; 8. Pierrick Bourgeat, France, 113; 9. Kiminobu Kinuma, Jopan, 111; 10. Andrei Miklanc, Siovenia, 97. OVERNALL (after 16 events): 1. Hermann Mader, Austria, 819 points; 2. Stefan Eberharter, Austria, 509; 3. Michnel Von Grungen, Switzerland, 456; 4. Andreas Schilfers, Austria, 446; 5. Kjalli-Andre Amacik, Norway, 75; 6. Christian Mayer, Austria, 370; 7. Alberto Tombo, Holy, 366; 8. Lesies Kļus, Norway, 354; 9. Hons Knouss, Austria, 320; 10. Josef Strobl, Austria, 312.

NENT'S QUARTERS WALLS
FRIDAY, IN ADEL AND, AUSTRALIA
JOSON Stollenburg, Australia, def. Nicolos
Escude, Franca, 6-7 (3-7), 6-1, 7-3; Anche
Agons, Los Vegos, def. Brett Steven, New
Zeolond, 1-6-6-1, 6-1. Zeoland, 1-4, 6-1, 6-1.
Todd Woodbridge (5), Australia, def. Jerome Golmand, France, 2-4, 6-4, 6-4; Lleyton Hewitt, Australia, def. Vincent Spodes, Baca Raten, Flo; 7-5, 3-6, 6-1.
WOMENT'S SEMBLY MALE
FRIDAY, N. GOLD COAST, AUSTRALIA
AlSogiyuma (4), Japon, def. Shi-Ting Wang, Talvan, 6-4, 7-9; Mania Vente, Venezuela, def. Sylvio Pilachias, Austria, 6-2, 6-3.
Reopenant Corp.

FRIDAY, IN PETIT, AUSTRALIA FRANCE 2, SOUTH AFRICA U Many Pierce, Frunce, def, Antondo Coeizer, S. Africa, 6-3 6-3; Coefre Politine, Frunce, def. Wayne Ferreira, S. Africa, 7-4 (B-6) 6-3. Pfoline and Pierce def. Ferreira and Coeizer UNITED STATES 2. GERMANY 1

Anke Hober, Germany, det. Chando Rubin, U.S., 63 6-1; Jonathon Stark, U.S., def. Thom-cs Haas, Germany, 7-6 (7-4) 6-7 (3-7) 6-4. Stark and Rubin def. Haas and Huber 6-3 6-4.

TRANSITIONS

AMERICAN LEAGUE BALTIMORE—Agreed lerms with RHP Scott Conner, RHP Chris Curfa. LHP Grain Os-

een. LHP Rick Kelley and OF Duane Wa lagion on minor-league contracts.
CLEVELAND—Agreed terms with LHP John
Cimmings, RHP John Ericks, RHP Joson
Grimsley and RHP Jemie McAndrew on mior-league controct.

OETROT—Agreed terms with RHP Tim
Worrall on 1-year controct. Signed RHP Ed-die Gelliard, RHP Brian Powell and OF Gabe

Minnesoff Progress as a supervision of the Contract.
Named Randy Popple strength and conditioning coach and Hecker Otera Puerto Rica eres scort. Named Joe Michalne special assistant to general massager and Hoby Mork bullers catcher-botting procisice pitcher.

ryl Shuwberry on 1-year contract.

OAKLAID—Named Miks Quade manager of Edmonton, PCL; Jeffrey Leonard monages Bert Brudley pitching coach, Dave Joppie coach and Brian Thorson trainer of Huntsville, SL.

TAMPA BAY—Nomed Roy Silver manages, Gray, Hards pitching coach, Silver Livesey cooch and Miles Libby trainer of 5t, Peterburg, FSL; Greg Mainberg manages, Brian Kolly pitching coach and Julio Garcia coach of Charleston, SAL.

TROAS—Bought contract of RHP Jeff Zimmenton from Winnipog, HL.

ARTONAL LEAGUE

ARZONA—Agreed Ferms with IHF Andy Standawicz on 1-year contract.

Standowicz on 1-year contract.
CRICIMMATI—Agreed terms with OF Delon Sanders and RHP Jave Rijo on minor-league

Sanders and RHP Jose Rijo on minor-league controcts.

A.Y. WEST—Agreed terms with C Tirn Speir on minor-league controct.

AN DIESO—Agreed terms with 28 Quilivio Verus on 2-year controct.

BASECKERALL

BACTONAL BOOK Holey and F Xovier McComilet to 10-day controcks. Put C Yinks

Dare on injured list.

BY. IORICES—Signed G-F Anthony Bowie.

Walved G-F Pete Myers.

PHOREDAL—Walved G Brooks Thompson.

Named Roger Reid assistant coach.

PORTLABO—Put F Edom Grunt on Injured list. Activated C Align Lister from Injured list. Activated C Align Lister from Injured list.

PORTLABO—Put F Edom Grunt on Injured list. Activated C Align Lister from Injured list.

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PORTLABO—Port F Edom Grunt on Injured list.

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THE WEEK AHEAD

SATURDAY, JAN. 10 ATHLETICS, Richmond, Virginia — East Coast Invitational: Chariotte, North Carolina

 — Charlotte Observer Maruthon.

AUTO RACENCE, Paris — Paris-tu-Dakov
rafty, to Jan. 18. nily, to Jan. 18.

CRICKET, Dhaka, Bongladesh — India vs.
Bangladesh, Silver Jubileo One-Day Series.

FOOTBALL, Stanford Ca.— NCAA, East-West Strine Classic.

SECOND, Promoto, Austria — FIS. Nordic Combined; Romson, Austria — FIS. Nordic Combined; Schrödining, Austria — men. FIS. Alphie World Cop. signore Markon; Slovenia — Women, FIS, Alphie World Cup. Signore, Austria — sking, men. FIS, Nordic World Cop. cross-country, 30K

SUNDAY, JAN. 11

ATHLETICS, Amoberista, Spain — men, women, IAAF, World Cross Country Chal-lenge; Orlando. Florida — Disney World Autono.

Aut European Championships, to Jan. 18.
FOOTBALL, New York — HFL, AFC and
NFC Championship games.
SECHECO, Maribos, Slovenia — womes. FIS.
Alpine World Cup. Stalam; Romsou, Austria
— men. womes. FIS. Hordic World Cap.
cross-country, 40K relay (men), 10K freestyle
(women).

SUMED, TOKINO — New Year Grand Sumo Fournament, to Jan. 25. TRANSES, Sydney, Australia — WTA Tow. Addas International, to Jan. 17; Hobart, Aus-tralia — WTA Touz, ANZ, Tassmanian Inter-national, to Jan. 17.

MONDAY, JAN. 12 CRICKET, Dhaka, Bangladesh — ICC. Silver Jubilee Orie-Day series, Pakiston vs. Gaia.
TENERS, Sydney, Australia — ATP Toot:
Sydney International, to Jan. 18; Auckland.
Hew Zeakand — ATP Toor, Auckland Opento Jan. 17; Hobart, Australia — WTA Toor,
Toomanian International, to Jan. 17.

TUESDAY, JAN. 13 FIGURE SKATING, Milon, Italy — ISU, European Championships, to Jen. 17.

SKIMBO, Adelboden, Switzerland — men.
FIS. Alphe Warld Cup. plant statom; Horrachov Creck Republic — FIS, Nordic Cambined, World Cup.

SMOWNED ARED MER. 1 Janz. Austrig — FIS.

SPERDSKATTING, Boseigo di Pine, italy - ISU, World Cup, to Jon. 14. WEDNESDAY, JAN. 14

GRECKET, Sydney, Australia — ICC, Carton and Union One Day Series, Australia vs. How Zealand: Dhotto. Bungladesh — ICC, Silver Jubileo One-Day Series, first finals Colombo, Sri Lanka — ICC. Sri Lanka vs. Zimbobwa, second lest to Jan. 18.

FISLO HOCKEY, Hobart, Australia — men, FIH, Australia vs. Netherlands, third lest.

Tour, Bob Hope Classic to Jon. 18. SOCCERR, Guotemala City — exhibition. Moreocci Guatemaia vs. Honauras Kassou Irina. exhibition, Morocco vs. Angolo. Tisaess, Mesboarne, Australia -Cotoriel Classic, to Jan. 17. THURSDAY, JAN. 15

BASKETBALL, Vortous sites — Med's Eurol.cogue 2d phase mothes. BLAYMLOM, Antholy, Italy — IBU, World Curp. to Jon. 18. Copin Sont 14.

GOLF, Kona, Hawaii — U.S. Senior PGA
Tour, ManterCard Championahia, to Jan. Ti.
SKINNA, Lake Placid, New York — FS
Freestyle World Cup, acrossi, dual magaille
certals to Jan. 17.

FRIDAY, JAN. 16

動師 2017年 (women).

SKI JUMPHIO, Ramsau, Austria FIS,
World Cup. 90K hill.

LAKE

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ATHLETICS. Montrool Canada — IAAF.
Grund Prix d'Africtisme.
Officerry. Dinks, Bongludesh — ICC.
Silver Juhileo Qne-Day Sortes, second floor
Pertin, Australia — ICC. Cariton and Union
One-Day Series. New Zealand vs. South

One-Day Series, New Administra Africa.

Fish Hockey, Melbourne, Australia— men, Fish, Australia vs., Notherlands, 4th lest systomeroameterio, fundates, Italy—Fish World Cup, Intelliptoe, gland statem, to Jun. 17. astrawa, Wergen, Switzerland — pres-FIS, Alpine World Cup, downhill.

عكدًا من الأصل

SPORTS

Under Fire, Switzer Quits As Coach of the Cowboys

The Associated Press

A describing of solicity hard this forth life

igh for Rugby?

Retires From England

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tweeters.

IRVING, Texas - Barry Switzer resigned as coach of the Dallas Cowhoys on Friday, saying that it was in the football team's best interest to have

someone else in charge.

"At this time, I believe a fresh start at this position will give the Cowboys their greatest opportunity to return to the top, Switzer said in a statement.

"I am deeply proud of what our players and coaches have been able to accomplish. A Super Bowl championship and three division titles are a source of great pride for this organization and its

Other than the statement, Switzer did not comment. The National Football League team's owner, Jerry Jones, ap-pearing alone at a news conference, said the decision was "a very difficult and



Under Barry Switzer, the Dallas Cowboys fell to 6-10 this season.

By Mike Freeman

New York Times Service

NFC Championship

(14-3) - Many of the story lines in

this game have to do with how similar

these two teams are. Steve Mariucci,

the 49ers coach, was the quarterback

coach in Green Bay, and Packers

coach Mike Holmgren was the of-

fensive coordinator in San Francisco.

49ers in recent years; Holmgren is 3-

0 against the 49ers.
We all know they have had our

number," said Mariucci, who could

become only the third rookie head

coach in league history to win a Su-per Bowl. "We need to do something

Whether the 49ers can do anything

about it depends on their defense.

The 49ers have the league's top-

ranked defense, but they have not faced a varied, high-powered offense

Brett Favre, who shares the NFL Most Valuable Player award this year

with Detroir's Barry Sanders, led the

league with 35 touchdown passes and

became the first quarterback to have

about it this year."

like that of the Packers.

Same of Fe

and the state of makes

The Packers have dominated the

Green Bay (14-3) at San Fra

It's NFL Money Time

Conference Finals Should Be Close Games

'He had the toughness to walk into a situation that was as great a challenge as any football coach has ever faced in the NFL," Jones said. "Barry Switzer was the right man for the right time."

Switzer went 45-26 in four seasons. winning a Super Bowl in his second season and division titles in his first

His final season, however, was a disaster, beginning with his arrest for carrying a gun in an airport followed hy a 6-10 record that kept the Cowboys out of he playoffs for the first time in seven

thought it was time for a change. Quar-terback Troy Aikman and fullback Daryl Johnston both have complained openly about the team's lack of discipline. Jones said he spent most of the last

three weeks trying to decide whether a coaching change was needed. Switzer, 61, had long said Jones wouldn't have to fire him; he would resign.

As for a replacement, Jones said: "I will not share with you a time frame I have or a process for selecting the next coach of the Dallas Cowboys.

Candidates are believed to include George Seifert, who left the San Francisco 49ers under strained circumstances a year ago. Others are Terry Donahne, a former UCLA coach; Jon Gruden, offensive coordinator for the Philadelphia Eagles; Butch Davis, the University of Miami coach and a former Cowboy assistant, or perhaps someone from Switzer's staff.

Jones said Switzer would not have another role in the organization, even though he has at least two years left on a contract that pays him \$1 million a year. "His ledger is square with me," said

four straight 30-tonchdown seasons.

49ers' defense, is that the secondary

AFC Championship

conference title games. Pittsburgh is

making its conference-high 10th

title-game appearance. Pressure means little to either of these clubs.

This is one of those games during

which the coaches will earn their paychecks. The Broncos played at Three Rivers Stadium earlier this season and jumped to 21-7 lead.

Then Steelers quarterback Kordell Stewart exploded, accounting for

five touchdowns: three passing and

two rushing. The Broncos seemed to lose their composure and imploded.

to Shanahan, one of the best tac-ticians in the game. He'll find what it

takes to make sure the Broncos play

But that won't be enough. It's time to admit that the Steelers, despite their

faults, just seem to find ways to win.

Prediction: Steelers, 20-17.

the entire game this time around.

The edge in coaching here must go

Denver (14-4) at Pittsburgh (12-5)

The Broncos have won 4-of-5

tends to give up the big play Prediction: Packers 28-21

What is worrisome about the

Michelle Kwan performing at the Philadelphia figure skating competition.

Malone Cruises by Havlicek To Reach 8th on Scoring List

Karl Malone sizzled and Shawn

Malone scored 39 points and passed John Havlicek on the NBA's career scoring list as the Utah Jazz beat the Milwaukee Bucks, 116-109, on Thursday night, "Karl is like nobody else," said a teammate, Jeff Hornacek. "He

does things that nobody else can do." Malone, whose 500 consecutive starts are tops among active players, was

NBA ROUNDUP

13-for-16 from the field and 13-for-15 from the fool line. His free throw 2:04 into the game gave him 26,396 career points, passing Havlicek for eighth place on the career list.

"Records aren't something that just happen," Malone said. "Yon've got to plan and prepare your whole career. Then good things happen."

Malone's strong play against visiting Milwaukee was no surprise. He averaged 34.5 points in the teams' two meetings last season, and he scored a career-high

61 points against the Bucks in 1990. Homacek added 20 points for the Jazz, including 15 in the second quarter, and John Stockton had 13 assists.

Sonics 109, Cavaliers 84 Bad things happened to Shawn Kemp in his first game against Seattle since the Super-Sonics traded him to Cleveland last

Vin Baker, who went from Milwankee to Seattle in that three-team deal, dominated Kemp, scoring 25 points and holding Kemp to nine, including 2-for-11 shooting from the field. "This was probably the worst night of my nine years," in the NBA, said Kemp, who demanded to be traded last season because of a contract dispute.

The visiting Sonics improved their NBA-best record to 28-6 with their seventh straight victory. Seattle's Gary Payton scored 25 points on 9-for-12 shooting and held the standout rookie Brevin Knight to four points and five

Wesley Person scored 15 points for the Cavs, who lost their seventh straight to Seattle.

Nets 89, Magic 87 In East Rutherford, New Jersey, Kerry Kittles had a seasonhigh 27 points and a career-high 12 rebounds as the Nets snapped a twogame losing streak. Keith Van Horn added 19 points and Jayson Williams grabbed 15 rebounds for New Jersey. Rony Seikaly had 25 points and 12 rebounds for the injury-riddled Magic,

who came up short for the 10th time in

Kings 103, Mavericks 92 Olden Polynice set season-highs with 26 points and 16 rebounds as Sacramento extended its winning streak to four games with a victory at Dallas. Dennis Scott scored 23 points and Samaki Walker matched a career-high with 20 for the Mavs.

Pacers 87, Rockets 80 In Houston, Jalen Rose scored 18 points as Indiana beat the injury-plagued Rockets. It was the Pacers' 11th triumph in 14 games.

Houston played without its injured stars Hakeem Olajuwon, Charles Barkley and Clyde Drexler. Eddie Johnson also wasn't available because of an injured right elbow, leaving the Rockets with only nine players.

U.S. Skater Lines Up 6's

Kwan Is 'Perfect' as Lipinski Tumbles

By Jere Lougman
New York Times Service

PHILADELPHIA - After a fitful night of tossing and turning. Michelle Kwan slept through her early-morning training session. The spark of her absence kindled a bonfire of speculation.

Had she withdrawn from the Olympic trials with a toe injury? No, she had not. Not only did Kwan later skate the short program Thursday, but seven of the nine judges also rated her presentation as perfect.

While the defending champion, 15-year-old Tara Lipinski, fell on a triple flip and tumbled sobbingly to fourth place, Kwan delivered a refined, joyful, liberating performance that was judged as the greatest hy a woman in the short program at the national championships, which serve as the Olympic trials. No American woman had ever re-

ceived one perfect mark of 6, much less seven of them, in this part of the program at the nationals.

Kwan's scores were surpassed only by the eight 6's that Brian Boitano received for his short program presentation at the 1988 trials.

Only the winner here is guaranteed to receive one of three American berths in the Winter Olympics next month at Nagano, Japan. The other two skaters will be determined by their performanees over the past two years. As the 1997 world champion, Lipinski is virtually certain to be chosen, which could cause a coutroversy should she finish fourth or

For Kwan, all the uncertainty of the past two months evaporated in the twoand-a half minutes of her short program. She was the 1996 world champion but had not competed since early November because of a stress fracture in the second toe of her left foot.

"At the end, I said, Now I can enjoy this moment, now I can breathe," said Kwan, 17. "When I heard the 6's, I said, 'Am I hearing this right?' 'After a controlled, almost cautious,

beginning to her program, Kwan appeared to gain restorative confidence as an athlete and an artist with her feathery jumps, elegant spirals, balletic grace and fierce determination. She skated to a Rachmaninoff piano concerto that belped huild a churning tension as she approached the triple flip. The jump replaced a triple toe loop that causes stabbing pain when she plants her left

Twice in the past two days, Kwan had fallen while rehearsing the triple flip. Thursday, her thoughts seemed to linger in indecision before the jump. Later, she confessed that her left foot felt encouraging and that she almost attempted the triple toe except that her coach, Frank Carroll, would "kill me." So, she stuck with the flip, which she landed with precision and relief.

"I've had it since I was 11," Kwan said. "Why not do it now when it counts."

A resurgent, theatrical Nicole Bobek finished second and a stolid Tonia Kwiatkowski took third. Even Kwiatkowski found herself elapping for Kwan's firstplace skate, one that came after weeks of speculation about her injury and her uncertain confidence. Kwan missed three weeks of training in November, and as late as Christmas she wondered whether she could compete effectively

"I thought it was one of her best moments, not so much for what she did, but the way she did it," said Carroll, who coaches Kwan in Lake Arrowhead. California. "She had a wonderful lonk

of ease on her face and confidence, a performing aura rather than just a technical aura. When you are under a lot of pressure, to make it come out with great ease is difficult to do."

Lipinski, who last year became the youngest world champion ever at age 14, was perhaps bothered by the pres-sure of defending her national title. She let her open spin wander, landed a flawed lutz on her combination jump then made a rare fall on the triple flip. She rushed the jump, did not attain sufficient height and crumpled to the

Later, Lipinski began crying. Her coach, Richard Callaghan, called the mistake "drastic" because it came in such an important competition. Had this been the Olympics, the fall would most likely have eost her any chance at a gold

Thursday's short program, which consisted of eight required elements involving spins, jumps, footwork and spirals, counted for one-third of the scoring. Saturday's long program will count for two-thirds. For Lipinski to defend her national title, she must win the long program while Kwan finishes third or lower.

Eldredge Fails To Land Quad

New York Times Service

PHILADELPHIA - After being asked repeatedly why he had never attempted a quadruple jump in competition. Todd Eldredge launched one during his long program at the Olympic trials here. He fell hard on the quad toe, but be did not turnhle out of first place as he won his fifth national title.

Eldredge, 26, the 1996 world ehampion, completed the four necessary revolutions on the toe loop on Thursday night, but he landed with an awkward lean and dropped to the ice early in his four-and-ahalf-minute routine. He is a thoroughbred, though, not a one-trick

After reducing a second triple axel to two revolutions, Eldredge attempted the triple axel again and landed it flawlessly. The attempted quad appeared to sap him of some of his energy, but Eldredge still completed six triples overall and displayed his familiarly brilliant spins to take first place.
"I skated well," he said. "It's the

first time I tried the quad. I had it on one foot; it was that close but I just fell. I'm happy to get a fifth title."
While all his top competitors for

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135

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an Olympic gold medal — Elvis Stojko of Canada and Ilya Kulik and Aleksei Yagudin of Russia have landed a quad in competition, the conservative Eldredge had preferred to rely on his completeness and consistency. No American has landed a quad.

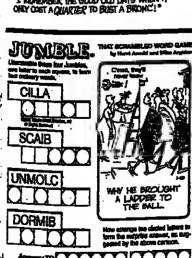
Kurt Browning of Canada was

the first skater to land a quadruple jump, which requires four revolutions in the air. He first performed the jump at the 1988 world championships. A decade later, it could be a determining factor next month at the Winter Olympics. The fifth national title put

Eldredge one ahead of both Brian Boitano and Scott Hamilton.

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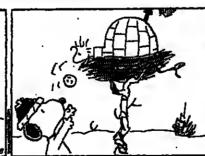


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LOOK AT THIS! WHO TURNED





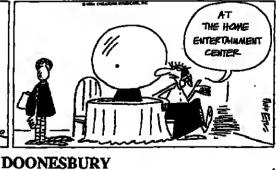












NON SEQUITUR

CALVIN AND HOBBES





LIKE THIS ?







EVERY DAY I LEARN

Haute Cuisine Fit for a Dog

You should never

without wearing a

cook anything

welding helmet.

times, when a primitive tribe had a lucky accident. The tribe had killed an animal and was going to eat it raw, when a tribe member named Woog tripped and dropped it into the fire. At first the other tribe members were angry at Woog, but then, as the aroma of hurning meat filled the air, they had an idea.

So they are Woog raw. Yes, cooking can be hazardous. I learned this lessoo from a dramatic true incident that occurred in my childhood. My family was at home, waiting for company to arrive; my mom was cook-

ing one of her special-ties, creamed chipped beef, in a double boiler. There was a knock at the door, and we all went to the living room to greet our company, which was fortunate because at exactly the in-

door, the double boiler exploded vi-oleotly, sending what seemed like thou-sands of gallons of creamed chipped suddenly you come across an instrucbeef flying in all directions with tremendous force.

I believe that if there are intelligent beings elsewhere in the universe, one day their astrooomers will detect traces of this particular entrée spreading out across the cosmos at oearly the speed of light, and they will, by extrapolating backward, calculate that a cataclysmic big Beef Bang took place on Earth in 1958.

The point is that, as a safety precaution, you should never cook anything, including toast, without wearing a welding helmet. Also you should choose a recipe that is appropriate for the individuals who will be eating it. For example, you do not need to make an elaborate dish if the individuals are dogs. A dog will eat pretty much anything; one major reason why there are. no restaurants for dogs is that the customers would eat the meous.

So a dog will happily eat the same recipe forever. You can feed a dog "kihhle," which is actually compressed dirt, every single day for 13 years, and the dog will consider you to be the greatest cook in world history. It willlick the ground you walk on.

The situation is similar with guys. Guys generally like to find a recipe that works for them and stick with it. For example, I know a sportswriter named Boh who, to my knowledge, has never in his life cooked anything except Stouffer's frozen French bread pizza. This is all he has in his freezer. If he hosted a Thanksgiving dinner, he'd serve a large Stouffer's French bread pizza, stuffed with smaller Stouffer's

IAMI — Today's topic is: The Art of Cooking.

Cooking was invented in prehistoric department devoted exclusively to Boh, factory, they prohably have a whole department devoted exclusively to Boh, called "The Department of Bob," which monitors Bob's pizza consump-tion and has a fleet of loaded resupply tracks ready to roll wheo he runs low.

If you're not cooking for guys or dogs, you should use a more elaborate "gourmet" type of recipe, which you can find in magazines such as Bon Appetit (literal translation: "Chow Down"). The problem here is that the people who are creating these recipes are also snorking down cooking wine by the gallon, and after a while they start making up words. Take "feanel."

There is no such thing as "fennel," yet many of your gourmet recipes call for it. Other examples of imaginary ingredients are "shallots," "capers" and "arugula." So what frequently happens when you try to

oon that the gourmet chef obviously dreatned up moments before passing out facedown in the bearnaise sauce, such as "Carmelize eight minced hamouti kleebers into a reduction of blanched free-range whelk corneas.

Thus to be a successful cook, you need to learn now to anapt gourmet recipes to the "real world" by making substitutions. For example, recently I was looking through the December issue of Bon Appetit, and I found a recipe called "Sweet Potato Soup with Lobster and Orange Crème Fraiche."

I was very interested in making this recipe; the problem was that some of the ingredients, such as "leeks," were obviously imaginary, whereas others, such as lobster, were members of the cockroach family.

No problem! I simply looked around my kitchen for appropriate substitute ingredients, and I was able to adapt the Bon Appetit recipe to meet my specifie needs, as follows:

SWEET POTATO SOUP WITH LOBSTER AND ORANGE CREME

1., In a medium room, remove wrappers from eight miniature Three Mus-keteers bars left over from Halloween.

2. Eat bars.
3. Feed wrappers to dog.
With a little ingenuity, you can achieve results very much like this in your own kitchen. I bet that when word of your culinary prowess gets around, people will be flocking to your door! Let's hope they're bringing pizza.

O The Miami Herald Distributed by Tribune Media Services

Make a Date for Lunch (and a Wedding?)

PARIS — For a long time in the United States lunch has been a metaphor more than a meal. Rather than ingestion it signifies intent — to make a contact, clinch a deal and now to find a mate.

In 1992 a Chicago-based marketing manager named Andrea McGinty hit upon her profession's pot of gold, an untapped niche market: successful young business and professional people so busy climbing the corporate ladder and polishing their bodies that they hadn't had time for much personal

MARY BLUME

life. She founded a dating organization called It's Just Lunch, which now has 30 U.S. branches from Minneapolis to Orlando to Fort Lee, New Jersey, projects earnings of \$8 million to \$10 million in 1997, and plans early this year to open in London, Paris and Milan.

'We're looking at Geneva and Hong Kong is going to happen in the spring."
McGinty said by telephone from her
headquarters in Chicago. Japan looks good to her and she was recently ap-proached by one of South Korea's largest corporations. "They did a study among their employees and found that those who are married are the most productive. So they're thinking of a joint venture with us to marry off their

single people. That's kind of wild."

Not really. McGinty's approach is simple demographics. "We look at urban markets, that's where professionals are generally starting or progressing within their careers, so we look at how many people have the equivalent of a U.S. college education, a certain earning level, what the singles demographics look like in a certain city. We go to Dun & Bradstreet, we go to census bureaus, we do the research to find out where the young urban professionals are." The company's brochure states in sober sans serif type, "It's time to take a professional look at your personal life."

Once located, the young urban professionals submit to a long interview and pay a minimum entrance fee of \$675, which covers eight matches or six months, whichever comes later. In return they are offered lunch dates with a suitable partner. And lunch is all that it need be - a low-risk opportunity to find Mr. or Ms. Right. If it doesn't work oot, both partners say eiao, go back to the office and then try again. It works pretty well — of some 100,000 luncheons, more than 1,400 have led to a

McGinty thinks it works because of strict vetting of prospective elients who must be employed, college-educated and roughly between 25 and 45 years old. "Sometimes I can't help them

son's oot looking for them. If a man spots for lunch that aren't really ro-comes in and he's a four or a five and mance spots hut are thoroughly neuwants a woman who's a 10, it's not going to work. I say we're not an escort service, we're trying to provide both parties with a good match oo both ends. If you want to meet models, put an ad in a magazine."

It's Just Luoch recently did a market survey that showed that 62 percent of women oeed an hour to decide whether a man is worth going out with a second time, while men take 15 minutes or less. If the man doesn't call within 24 hours of the lunch, there is a less than a one-in-seven chance that he will ever call. More women than men are ready to give a gny a second chance if there was no physical attraction on the first date; both sexes agree that men talk more about themselves than women.

It's Jost Lunch gives plenty of advice before the first date. Women shouldn't talk about having babies or how many people they want at their wedding. Men shouldn't wear mismatched socks. Doo't come with rehearsed sprightly conversation, try to think positive things about your date. If it doesn't work don't worry, it's just

Each branch is run by a local who on its books right now, because what they're looking for I knows all the latest restaurants and will don't have or I do have but that per- make suggestions. "We try to get hot plenty of pitfalls. What should one yogurt lunch: Reader, she matried him.

tral," said Julie Safer, the company's PR woman in Washington. "We don't want to intimidate anybody with violins lurking around or someooe saying wanna buy a rose. We wouldn't send them to the Four Seasons unless requested, but we wouldn't send them to a low-budget diner either. Basically, we will choose something that is nice, moderate, nothing too fancy: Most of these people are business people they're all going to be in suits at lunch, they want to go to a place where there

The hill is shared. Usually neither person drinks because they are going back to work. They have already been asked by the branch director whether they smoke during the registration interview, which lasts an hour and a half, There's a lot of thought put into it, it's

are other people, they don't want to be

not a computer program, it's like a bunch of yentas sitting down and doing old-fashioned matchmaking," Safer said. After hunch both sides report, and if they want to continue dating this is called freezing the package. It's Just Lunch has some 2,000 frozen packages

It may just be lunch but there are

order to show a fellow that one is healthy and unfaddy?

Galfichers.

"If they're a meat eater, chicken is always safe. You never want to order a spinach dish for fear of something get-ting caught in your teeth. And I wouldn't suggest ordering spaghetti with a red sauce you could spill on yourself."

Would ordering a rich desert make a bad impression? Probably. "Fat-free yogurt, that's really hig." Safer suggests. Bon appetit.

McGinty doesn't foresee problems with local lunching habits when she opens here, even if frozen yogurt is not a Paris staple. "The higgest challenge initially is to overcome the perception that people who go to a dating service are losers." Her company's success probably lies in suggesting that it ser-

vices only excessively busy winners.

McGinty started off as a loser berself, jilted six weeks before her wedding. She founded It's Just Lunch soon after with another woman, who has since dropped out. She is now half owner with Daniel G. Dolan, Dolan, a lawyer, had seen her picture in a newspaper and came to the office to sign up. "She took 24 hours to think about it, then gave him a full refund because she has a policy of never dating her elients," Safer said. They did better than have a chicken and fat-free





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THE jazz legend Liooel Hampton has filed a lawsuit, asking \$10 mitlion, against three firms that distributed and sold what the musician said was a defective halogen lamp that caused a fire in his apartment that destroyed all his possessions. The suit alleges that on Ian. 7, 1997, the lamp tipped over onto Hampton's bed "as a result of its own instability," igniting sheets and hlankets, setting off the blaze. The fire in Hamptoo's high-rise apartment in New York City destroyed all of the 89-year-old musician's belongings, including his elothes, money, vibraphone, sheet music, photographs, awards and other memorabilia accumulated during

Roseanne has filed for divorce from her third husband after an altercation at . their Los Angeles home. According to her suit filed in Los Angeles Superior Court, the comic actress separated from Beo Thomas, the father of their two-year-old soo, Buck, on New Year's. In the early hours of New Year's Day, police were called to the couple's home and Thomas was. ordered to leave after reportedly breaking a lamp and a window. Thomas, a former mechanic who became her driver and bodyguard, married Rose-anne oo Valeotine's Day, 1995.

Quentin Tarantino is to tread the boards of Broadway in a stage version of "Wait Uotil Dark," the 1967 film that starred Audrey Hepburn. The di-rector of "Pulp Fiction" made the an-nouncement in an Internet question-and-answer session in Paris, where he was I moting his newest are "Jackie Brown."

Ray Charles has donated \$25,000 to a Los Angeles Police Department program for teenagers. The singer said he wanted to do "anything that would be helpful to bring them up in a strong way and a correct way." The police program



A VIGIL FOR SONNY BONO - Mary Bono, the wife of the late Sonny Bono, with her father, Clay Whitaker, at a vigil in a Palm Springs, California, church, preceding the congressman's funeral on Friday.

The albom tribute to Diana, Princess of Wales, has raised \$64.8 million for charity in four weeks, Virgin Records

Eddie Fisher has written a tell-all book that he promises will include the "real story" about his marriages to Debbie Reynolds and Elizabeth Taylor. The book, still untitled, will be released this year by St. Martin's Press. "The focus of the book will be on the

aims to help youths see police officers eted the attention of the world in the 1950s and 1960s," Fisher said in a statement. Fisher said the story of his breakup with Reynolds and marriage, followed by divorce, to Taylor "has never been told."

The U.S. ray impresario Sean (Puff Daddy) Combs has canceled two soldout British concerts next week on grounds of ill health. His promoters said the rapper was exhausted after a U.S. tour. He was to have headlined a rap bill, with Lil' Kim, 112, Mass. Little Caesar and Shola Ama, at concerts on Mooday and Toesday in Wolmost complicated and publicized love verhampton story of the 20th century, one that rivin Loodoo. verhampton and at the Wembley Arena

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Many Newsmen Criticize Brinkley for Becoming a Pitchman

By Howard Kurtz

Washington Past Service

Washington Pour Schoor

Says he was offered more than \$1

carry hulding the reputation I have, and the first time I was on the air with his, I would throw away that reputation. The National Public Radio commentator says.

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Water Cronkite says he was offered in the news business giant that has helped sponsor the Sunday morning program he launched in 1981, "This Week With David Brinkley."

Brinkley, 77. is a longtime friend of Dwayne Andreas, the chairman of Archer Daniels Midland, which

Six-figure sum to interview news-makers for a Shearson Lehman Hatton in 1996. Both men have apartments in a 1996. Both men ha WASHINGTON — Daniel Schorr says he was offered more than \$1 million to be a pitchman for Avis Renta-Car. He refused. "I have spent 50 years huilding the reputation I have, and the first time I was on the air with this, I would throw away that repu-tation," the National Public Radio

commentator says.

Walter Cronkite says he was offered

\$5 million to do four commercials a year for a car product. He passed. "It casts some doubt upon our impartiality and integrity, perhaps," the former CBS anchor says.